

FEBRUARY 1980

Nation's Business

the business advocate magazine

circulation at all-time high — 1,250,000





The Diesel-Powered Cadillacs

All with (21) EPA estimated mpg... 31 estimated highway mpg.

Only Cadillac brings you a full line of luxury automobiles available with Diesel. Each with the inherent benefits of V8 design... balance, smoothness and impressive acceleration for a Diesel.

The estimated driving range is (567) miles... 837 miles estimated highway range for Fleetwood Brougham and DeVilles. Even using the lesser figure, 567 miles is considerably more than a full day's driving for many people—and on one tankful. Actual highway mileage and range will probably be less than the estimated highway fuel economy. *Remember: Compare the circled "estimated mpg" to the "estimated mpg" of other cars. You may get different mileage and range depending on how fast you drive, weather conditions and trip length. And this is traveling in Cadillac luxury, Cadillac comfort. With a level of convenience unmistakably Cadillac... a car that's so*

right for today. These driving range estimates are developed by multiplying the estimated highway mpg and the EPA estimated mpg each by the standard Diesel fuel capacity rating of 27 gallons.

Seville for the 80's. First car in the world with a Diesel V8 as standard.

(21) EPA estimated mpg and 31 estimated highway mpg. Indeed a new American standard for the world. Or you may prefer Seville's gasoline-powered Digital EFI at no extra cost. Seville with front-wheel drive... daring in design... advanced in technology.

Eldorado: One of the world's best engineered cars. Also with (21) EPA estimated mpg... 31 estimated highway mpg. Impressive mileage for both a great road car and a great luxury car—Eldorado by Cadillac—a pioneer in front-

wheel drive among U.S. automobiles... and still perhaps its finest expression.

The efficiency of a Diesel... the balance, smoothness and impressive acceleration of V8 design. Unlike most Diesel imports, the engine used for Cadillac is a 5.7 liter V8. The dynamic balance of Diesel V8 design contributes to smoothness of operation. The V8 design also combines with a high power-to-weight ratio to provide impressive acceleration for a Diesel. Cadillacs are equipped with GM-built engines produced by various divisions. See your Cadillac dealer for details. And to buy or lease the Fleetwood Brougham, Coupe deVille, Sedan deVille, Eldorado or Seville of your choice.



Cadillac



5 distinctly different courses from Dale Carnegie... each designed to improve individual performance.

Dale Carnegie Courses are designed to produce the improved performance in people that translates into increased productivity and lower operating costs. Each of the 5 Dale Carnegie Courses provides specialized training for the development and reinforcement of individual capabilities. The curriculums range from training in effective communication, decision-making, management, selling and service to the art of creating and fostering better relationships with other people.

Objectives and benefits of the 5 Dale Carnegie Courses:

THE DALE CARNEGIE COURSE. This Course is world-renowned for its effectiveness in training and inspiring the individual to greater achievement. Its widely recognized benefits produce tangible, lasting results in the areas of better performance and deeper understanding of self and others.

Employees develop additional self-confidence. They learn to better organize their thoughts and to express themselves more clearly and convincingly. They become more strongly self-motivated, more positive in their attitudes toward their responsibilities. They learn to get along better with others, which makes them more effective at their jobs, as well as at home and in social situations.

THE DALE CARNEGIE MANAGEMENT SEMINAR.

A comprehensive, goal-oriented Seminar in the principles and techniques of management with special emphasis on directing and motivating people. The program is designed to increase the manager's ability to function more successfully at all levels of managerial responsibility. The Seminar is geared to produce immediate, measurable results, as well as the attainment of long-range objectives. Better organization and more profit can result from using the principles of planning, coordinating, controlling and creative thinking taught in the Dale Carnegie Management Seminar.

THE DALE CARNEGIE PERSONNEL DEVELOPMENT COURSE.

This Course produces substantial company benefits by increasing employee morale, reducing turnover and improving both person-to-person and group-to-group relationships. The training is designed to instill a feeling of greater job satisfaction in employees, and a more positive attitude toward the company and its objectives. Better teamwork and improvement in individual performance begin even before employees complete the Course.

THE DALE CARNEGIE SALES COURSE. Your salespeople can profit from the motivational methods taught in the Sales Course. They learn new ideas for qualifying prospects, getting and keeping the prospect's attention and interest, creating more effective sales presentations. They are intensively coached in better methods of controlling the sales interview, checking mistakes in time to make corrections, better handling of objectives and of closing sales. The Sales Course is down-to-earth and practical. It improves the selling abilities of both newly-recruited and experienced salespeople. The Course includes participation in realistic selling situations under the guidance of specially trained instructors.

THE DALE CARNEGIE CUSTOMER RELATIONS COURSE.

An intensive program which teaches employees how to make more sales through greater knowledge of customer motivation. The employee's self-confidence is strengthened, and the ability to communicate is improved. The Course emphasizes better methods of analyzing customer wants and needs, and how to stress product benefits in making sales. It inspires employees to take greater interest in their work, to increase their contribution to company sales and profits.

For more information about Dale Carnegie Courses, write for a free copy of our 5-Course brochure, which gives you more information on the methods and objectives of each Course. Or call toll-free (800) 231-5800. In Texas only, call toll-free (800) 392-2424.



**DALE CARNEGIE &
ASSOCIATES, INC.**

SUITE 220NB • 7047 REGENCY SQUARE BLVD. • HOUSTON, TEXAS 77036.

HOW A PHONE NUMBER CAN BE YOUR "OFFICE" IN ANOTHER CITY.

Now there's an ingenious way to build your business in a distant city without the expense of an out-of-town office. It's done through an amazing advancement known as Remote Call Forwarding (RCF).

It Works Like This

The Bell System assigns your firm a local number in the city where you want to develop additional business.

Your customer looks you up in the local phone book and dials the number. The call is re-directed via Long Distance to your home office in another city. Or another state. There's no operator assistance, so there's no waiting.

Now you have local presence—without spending a penny for space, furnishings, or personnel.

Surprisingly Low Cost

What's the cost? It's surprisingly low—less than \$18 a month, plus the low direct dial rate for each incoming call.

There's also a one-time service charge (for the connection in the distant city).

But there's no need for additional lines and equipment. And there's no extra charge for your listing in both the White and Yellow Pages directories. We'll advise you on the availability of RCF in the market area you choose.

Open New Markets

But the real wonder of RCF is what it can do for your business. For instance, if you want to test out a new market, you don't have to open an out-of-town office. You open an "out-of-town office number"—with RCF.

Let's say you're an electrician. Potential customers receive your "local" advertising or look you up in the local phone directories. They call. You then make appointments and bunch the appointments into as



few days as possible. In this way, you build your market with the least expense and effort.

On the other hand, you may discover there's not enough business to warrant an office in a particular town. And you haven't lost a lot of money finding out.

Amazing Opportunities

But that's just the beginning of your amazing opportunities with RCF. Let's say you deal with customers in a distant town. With RCF, they don't have to call collect—so they feel more comfortable about calling. They feel you really want their business, and they tend to order more.

You can also use RCF to improve customer service, gain customer loyalty, and so build business. For instance, if you're a dealer with lots of retail customers in one town, they don't have to wait for a salesperson to call. They can order, get the latest prices, the newest deal.

Retail stores accept orders from surrounding cities. Stockbrokers get more calls from clients when they

offer RCF. Truckers have learned to build up business in the city where they deliver, and so return with a load. And a whole range of other industries—manufacturing, business services, real estate, construction, loan companies, personal services, wholesaling, finance, and more—have discovered its power.

Here's More Help

In addition to RCF, your Bell business expert has all these other ways to help you manage your business better:

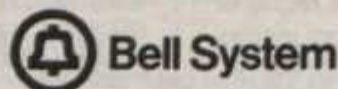
#1 800 Service. Generate direct response leads, using the toll-free 800 number. Improve service, speed orders. Expand market area, answer consumer questions, conduct product research, improve company image.

#2 WATS Lines for Small and Medium Businesses. Learn the most economical ways to buy WATS—by time, by area—and how WATS can build profits, improve customer service, and reduce selling costs.

#4 Selling Smaller Accounts. Instead of visiting distant accounts, sell by Long Distance. Reduce the cost of making the sale. Sell more accounts. Reach customers at the point where lowered inventory prompts them to buy.

#5 Handling Inquiries. Turn mail or phone inquiries into sales. Learn how to capitalize on a prospect's interest immediately with quick and competent action. Establish rapport that cannot be achieved by responding through the mail.

#6 Opening New Accounts. A tested, practical way to do it by phone. Total program covers everything from building a list and screening a prospect's interest to closing the sale.

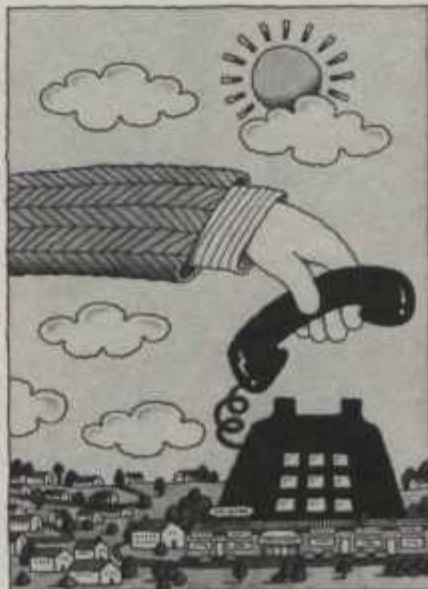


CALL 800-821-2121,

Ext. 880

toll free anywhere in the contiguous United States. In Missouri, call 800-892-2121, Ext. 880.

A BELL BUSINESS EXPERT WILL TALK TO YOU. You can expect to have a relaxed, friendly talk. You'll discover whether RCF can be a practical, profitable plus for your business. To help you, we'll need information. So we'll ask questions, like the ones listed below. No surprises, nothing you won't have the answer to. You'll find the discussion thoroughly enlightening and enjoyable.



- Q. What is your product or service?
- Q. How many locations does your business have?
- Q. What type of advertising/promotion do you use?
- Q. How do you handle inquiries at present?
- Q. Do you accept collect calls?

- Q. Are you currently using services other than your local lines—such as WATS or Reverse Charge?

- Q. Does your business have plans to meet specific business objectives, such as increasing market coverage or increasing market share?
- Q. To how many cities would you like to expand market coverage?
- Q. How do you currently test or expand market areas?

OR WRITE.

Fill in below or attach your business card and mail.

Bell System Sales Center
811 Main Street, P.O. Box 1418
Kansas City, Missouri 64141

Yes, I am interested. Tell me more about:

- ☐ #3 Remote Call Forwarding

I would also like to know more about the subjects I've checked below.

- ☐ #1 800 Service
- ☐ #2 WATS Lines for Small and Medium Businesses
- ☐ #4 Selling Smaller Accounts
- ☐ #5 Handling Inquiries
- ☐ #6 Opening New Accounts

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Area Code _____ Business Phone _____

800-821-2121, Ext. 880

To call toll free, dial 800-821-2121, Ext. 880, anywhere in the contiguous United States. In Missouri, call 800-892-2121, Ext. 880.



Bell System

PUBLISHER

Chamber of Commerce of the United States, Washington, D. C. The U. S. Chamber is a federation of business corporations and firms, trade associations, local and state chambers, and American chambers of commerce abroad.

PRESIDENT

Dr. Richard L. Leshner

VICE PRESIDENT-COMMUNICATIONS

Dr. Carl Grant

EDITORIAL MANAGER-PUBLISHING GROUP

Kenneth W. Medley

MANAGING EDITOR

Grover Heiman

COPY EDITOR

Priscilla Anne Schwab

MONTHLY EDITORS

Vernon Louviere

Tony Velocci

SENIOR EDITORS

John H. Jennrich

Barry Crickmer

ASSOCIATE EDITORS

Michael Thoryn

Mary L. Tuthill

ASSISTANT EDITOR

Roberta Graham

PRODUCTION DIRECTOR

Harry N. Miller

PRODUCTION EDITOR

Sharon Hockman

ART DIRECTOR

Hans A. Baum

ASSISTANT ART DIRECTOR

Richard C. Freund

ART ASSOCIATE

Naomi Sakanoue

GENERAL SALES MANAGER-PUBLISHING GROUP

Thomas J. Ames

ADVERTISING DIRECTOR

W. Brett Perrine

ASSISTANT CIRCULATION DIRECTOR

Harold E. Johnson

CIRCULATION ADMINISTRATOR

Charles F. Hudson

SPECIAL PROJECTS DIRECTOR

Philip A. Sweeney

BUSINESS MANAGER

William W. Owens

Nation's Business

VOLUME 68 • NUMBER 2 • FEBRUARY 1990

7 The Nation's Business Washington Letter

JAMES J. KILPATRICK

13 Doomsday for Public Education?

NATION'S BUSINESS OUTLOOK

16 Fed Official Urges Credit Control Budget

SMALL BUSINESS

22 Beset, Bothered, and Beleaguered by Five Big Problems

32 The Political Consultant—Pacesetter for Candidates

37 Can the Aging Tax System Find a Fountain of Youth?

CONSUMER SURVEY

44 Put a Lid on Federal Spending

46 Business and Government Venture Into Job Training

LESSONS OF LEADERSHIP

52 The Lawyer Who Rides and Drives Greyhound

BUSINESS LIFE-STYLE

60 Aquatic Marvels in Living Color

65 Letters Are Better

PEOPLE IN BUSINESS

74 Money Manager Trusts the U. S. Treasury

76 National Service: Uphill All the Way

EDITORIAL

80 It's Time for Some Tax Relief

Departments

7 Washington Letter
10 Letters to the Editor
13 James J. Kilpatrick

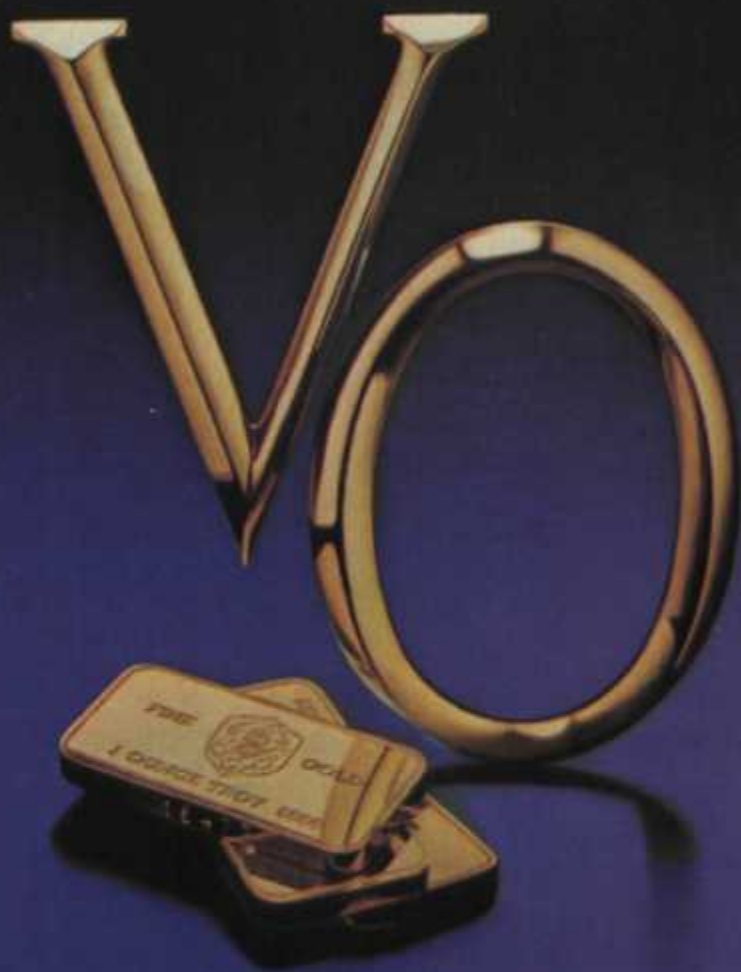
16 Outlook
60 Business Life-Style
67 Sound Off to the Editor

70 Sound Off Response
74 People in Business
80 Editorial

Cover Photo: Lee Lockwood—Black Star

Nation's Business (ISSN 0028-047X) is published monthly at 1615 H Street N. W., Washington, D. C. 20062. Copyright © 1990 by the Chamber of Commerce of the United States. All rights reserved. Available by subscription, United States and possessions, \$37.50 for two years, or in combination with *Washington Report*, the business advocate newspaper, \$62.50 for two years. Printed in U. S. A. Controlled circulation postage paid at Chicago, Ill. Postmaster: Please send form 3579 to 4940 Nicholson Court, Kensington, Md., 20795.

Some of the best things
are measured by the ounce.



Seagram's V.O.
The symbol of imported luxury. Bottled in Canada.
Enjoy our quality in moderation.

Canadian whisky. A blend of Canada's finest whiskies. 6 years old, 86.8 Proof, Seagram Distillers Co., N.Y.C.



MONROE'S 7 VALUES.

No other calculator company has them all.

1. Monroe Value comes from 68 years in the design, manufacture, sales and service of fine calculators.
2. Monroe Value means a "one-on-one" relationship. You deal directly with Monroe through 350 Company-owned branches.
3. Monroe Value assures you of pricing integrity. There are no local or regional price variations.
4. Monroe Value means the finest service in the industry covering both preventive and remedial maintenance.
5. Monroe Value means state of the art in electronic and design technology.
6. Monroe Value means locally available software specialists to assist in selecting the model that best fits your needs.
7. Monroe Value means continuous, single-source responsibility from the moment you place your order.

MONROE

THE CALCULATOR COMPANY
The American Road, Morris Plains, N.J. 07950
A DIVISION OF LITTON INDUSTRIES

The Nation's Business WASHINGTON LETTER

► **BUSINESS HAS MUCH TO LOSE** as competition heats up between Equal Employment Opportunity Commission and Labor Department's Office of Federal Contract Compliance Programs.

Each is trying to prove itself more diligent than the other in enforcing antidiscrimination and affirmative action-type federal programs, say experienced observers.

At stake are bureaucratic turf and prestige. Labor lost jurisdiction over equal pay and age discrimination rules to EEOC last summer, doesn't want to lose what's left. EEOC would like whole ball of wax, some critics say.

Outlook is for some extreme behavior from both groups.

► **"DISRUPTING THE ENTIRE ECONOMIC SYSTEM"** is possibility of doctrine EEOC calls comparable worth, notes one federal judge.

EEOC says whole classes of jobs--such as clerical--are underpaid because they have traditionally been held by women.

To eliminate this alleged discrimination, EEOC wants pay in these jobs set according to rates prevailing for other work of "comparable worth."

Who says what's comparable? That hasn't been settled yet.

Hearings were postponed last month, will be rescheduled. Maybe in March.

U. S. Chamber of Commerce protested concept, saying Congress clearly intended laws to require equal pay for equal work, not equal pay for comparable work.

► **PROPOSED RELIGIOUS GUIDELINES** from EEOC are another can of worms for business.

Guidelines would compel employers to provide for religious needs of employees

in manner "which least disadvantages the individual. . . ."

What constitutes valid religious need is not made clear, nor is how far employer must go to accommodate it.

Commission also wants employers to stop asking prospective employees if they are able to work regularly scheduled hours.

EEOC is proposing guidelines in response to "confusion concerning the duty of employers. . . ."

Employers would be more confused with these guidelines than without them, says U. S. Chamber, which also questions constitutionality of EEOC proposals.

► **YOUR AFFIRMATIVE ACTION** program may not be in compliance with federal rules now, even if it once was.

That's warning from Helen Barnhill, affirmative action consultant and member of National Advisory Council of Small Business Administration.

Compliance programs run by individual departments were consolidated under Office of Federal Contract Compliance Programs in reorganization last year. Office does not always see things same way as earlier administrators, says Ms. Barnhill.

Worse yet, she reports, some employers are discovering that what is held in compliance in one federal region may not be in compliance in another.

► **IF YOUR TAXES SEEM HIGHER**, even though the Internal Revenue Service says they're lower, you're probably right.

IRS got national publicity with claim that average American taxpayer will pay less federal income tax for 1979 than for 1978--on same income.

Claim is true, but very deceptive.

Because of inflation, taxpayer needed higher income in 1979 to buy what lower

income would buy in 1978. And federal tax rates rise as income rises.

Federal individual income tax receipts will probably be about \$35 billion higher for 1979 than for 1978, says Christine Vaughn, director of U. S. Chamber's Tax Policy Center. That's \$400 per return.

► "A TREASURY CONFIDENCE GAME" is what Rep. Ron Paul (R.-Texas) calls U. S. savings bonds.

New series EE bonds pay seven percent interest if held 11 years.

In 11 years, at today's inflation rate, a \$50 bond will be worth less than \$9, Rep. Paul points out, and "the government will have the gall to tax the interest earned. . . .

"If Uncle Sam were subject to his own truth-in-advertising laws," says the congressman, "the Treasury bureaucrats pushing these bonds would probably be in the calaboose."

► ANOTHER GASOLINE SHORTAGE--this month or next.

Look for it, count on it. It'll hit you and your business.

What's involved: Possible shortfall of as much as 15 percent.

Compares with seven percent last summer.

Why? Industry made lots of heating fuel rather than gasoline, shunned high priced crude on spot market.

► YOU CAN HAVE GASOLINE OR JET FUEL, but not both.

Energy Department is getting this advice from American Petroleum Refiners Association.

Group notes that government now wants to force small refiners to concentrate on gasoline. Last time they did that, spokesman says, government criticized them for not making enough jet fuel for military.

► IF YOUR COMPANY HAS BAD RECORD of accidents or violation of federal rules, expect extra attention from Uncle Sam.

Regulators and their allies are mulling over ways to concentrate on "corporate recidivists," or repeat offenders.

Study by Law Enforcement Assistance Administration found that 38 manufacturing

corporations accounted for 52 percent of federal agency law enforcement actions in 1975 and 1976.

Violations tended to cluster in motor vehicle, oil refining, and pharmaceutical industries. These are among industries most heavily regulated.

Solutions being discussed: So-called corporate probation officers to watch company's behavior, mandatory employee education programs, stronger criminal penalties for guilty managers. . . .

Major changes not likely soon, though. Regulators, finding research in area is difficult, are hiring more consultants.

► EXPECT MORE CUTBACKS ON TRADE with Russia.

Commerce Department is reviewing additional possibilities for ban, including phosphates and farm machinery.

Good time to consider whether you could be affected, even indirectly.

U. S. efforts to limit credit to U.S.S.R. make U. S. bankers edgy. What if Russians retaliate, they wonder?

Problem isn't just Russian debt, but Eastern bloc satellite debt as well.

► TIRED OF HEARING consumerists tell you how to run your business? Here's a chance to talk back.

Draft consumer programs of 31 federal agencies are described in Federal Register of Dec. 10. Some are certain to affect you.

Government wants to know what you think of proposals.

Copies of Register are available free from Consumer Information Center, Department 645-H, Pueblo, Colo. 81009. Comment forms are included.

Deadline for comments is March 10.

► IF YOU HAVEN'T POSTED OSHA FORM 200, better do it soon.

That's "Log and Summary of Occupational Injuries and Illnesses." Firms with 11 or more employees must have it on employee bulletin board from Feb. 1 to March 1.

"Even if there were no job injuries and illnesses during 1979," says OSHA, "zeros should be entered on the totals line and the form posted."

Free Planning Guide For Pension and Profit Sharing Programs

*Specially prepared
for management
of corporations.*

Executive Planning Guide to Pension/Profit Sharing Plans

- Plan types and features
- Questions to consider in developing your plan
- Customizing a plan to fit you and your organization

If you're considering a retirement benefit program for your company, a little time spent with this portfolio should prove invaluable. It won't make you an expert, but it will provide you with enough background information so that you can discuss your requirements knowledgeably with whoever you select to be manager of your plan...even if it isn't The Bankers Life of Des Moines.

This easy-to-understand guide is a working, practical check list of most of the plan features you will wish to consider. It explains many of the choices available in funding, plan provisions, and retirement options so that you may evaluate them in terms of your particular wishes. For instance, questions such as these:

- How much and how flexible should the company's funding be?
- What are some possible formulas for allocating benefits among employees?

- Can pension benefits be integrated with social security?
- How many employees must be eligible to receive benefits?
- Should retirement benefits emphasize years of service or salary?
- Should employee contributions be allowed? Encouraged?
- What kind of death and disability benefits may be considered?
- Do you wish participants to retire at a certain age?

This informative guide is yours for the asking. Simply send in the coupon below, or drop us a note on your letterhead. There is no obligation. We figure the more you know, the more likely you are to call us.

**THE
BANKERS
LIFE**



Bankers Life Company Des Moines, Iowa 50307

The Bankers Life — Consumer Services

NR-200

Des Moines, Iowa 50307

☐ Please send me the **Executive Planning Guide to Pension and Profit Sharing Plans**.

☐ I am interested in discussing a plan with your representative.

Name _____ Title _____

Company _____

Address _____

City _____

State _____ Zip Code _____

Why SALT II Is a Loser

It was most reassuring to read in Sound Off Response of the overwhelming rejection of the SALT II treaty by your readers who perceive the most important points in the debate. ["SALT II Fails Trust Test," Nov.]

First, the treaty's guarantee of

equality in numbers of missiles is misleading because the Soviet Union's largest ICBM carries more than three times the megatons of our largest missile, the Minuteman III.

Further, the proposed limitation is meaningless because the Soviets'

launchers are reusable, while ours are not.

Finally, the treaty provision exempting the Soviet Backfire bomber from being counted against their allowance of launchers is a clear example of how we were outnegotiated in the SALT talks at Geneva.

H. OTIS NOYES, JR.
Chairman
Maine Conservative Union
Camden, Maine

These "Ten Secrets" can help your partnership build a higher profit.



New ideas in business management work hand-in-hand with the specialized business attitudes of your local Pascoe Builder. He can show you how to realize higher profits through greater efficiency and increased productivity with a new Pascoe Building.

Whatever your reasons for expansion, your Pascoe Builder will guide you through the

complicated building process so you can come out a winner.

Your first step is to send for your free copy of *Ten Secrets You Should Know Before You Build*. These acclaimed Pascoe White Papers will show you how to get what you need — without wasting time, materials, manpower or money.

Your Pascoe Builder can structure profits into your future... today!



Yes! Send my free copy of *TEN SECRETS YOU SHOULD KNOW BEFORE YOU BUILD*, and the name of my Pascoe Builder. Please send your name and mailing information on your business letterhead to: Pascoe Building Systems, Dept. MB02, P.O. Box H, Pomona, CA 91766.

PASCOE STEEL CORPORATION (714) 623-1411



Best weapon

There is one excellent reason to oppose the SALT II treaty that no one has mentioned to date. What is the Soviet Union's best weapon that will help it take over the world? Is it nuclear warheads? Atomic bombs? Missiles? No. The Soviets' best weapon is the terrorist groups, especially the Palestine Liberation Organization.

Even though the Soviets have not been involved in a war since World War II, their influence has grown dramatically. Through the PLO and other terrorist groups, the Soviets are able to cause much unrest in a free country until its government is toppled. At that time the Soviet Union has gained another ally, and the United States has lost another ally. The examples are endless.

Unfortunately, this weapon is not covered in the SALT II treaty. If SALT II doesn't protect us from the Soviets' best weapon, who needs it?

NEAL WOHLMUTH
San Francisco, Calif.

Over the horizon

Last year I submitted a formal suggestion that the Social Security Administration adopt the practice of putting at least a thumbprint on all new applications for social security numbers.

This would prevent the issuance of multiple numbers to individuals and

LEATHER FURNITURE SALES INC.

Your Carolina Connection For Substantial Savings On Genuine Top Grain Leather Furniture



for free brochure, write:
Dept. NB-5, P. O. Box 2911
Hickory, NC 28601

"No guts, no glory."

The expression on this gent's face might not be easy to equate with security. But in it is the essence of why I probably feel more secure than most people.

I wear it whenever I engage in what is referred to as "participatory journalism"—that is to say the practice of entering other people's professions, with enough guts to keep to it briefly, sports in particular, in order to write books and articles about the experience.

It's the expression I wore on the sidelines after losing 29 yards in four plays quarterbacking the Detroit Lions—secure because it was over, and I had survived with enough physical aptitudes left to hold on to a pencil and describe the experience.

It's the expression I wore after the final round of my bout against Archie Moore when he was light heavyweight champion of the world.

I had done a month's preparation to get a rather questionable apparatus ready: I am not properly constituted to fight. I am built rather like a bird of the stilt-like wader variety. Since boyhood, my arms have remained stick-like and, to this day, I can slide my watch up to my elbow. My nose bleeds at the slightest touch.

Also, I suffer from a condition the medical profession refers to as "sympathetic response," which means that when I am hit or cuffed about, I weep.

That I was allowed to survive was due very much to Mr. Moore's splendid

qualities of compassion, and his realization that I would not be able to write about him if my mental faculties were too scrambled.

Nonetheless, I felt far more secure outside the ring than in—certainly secure in the knowledge there would not be a rematch.

Security.

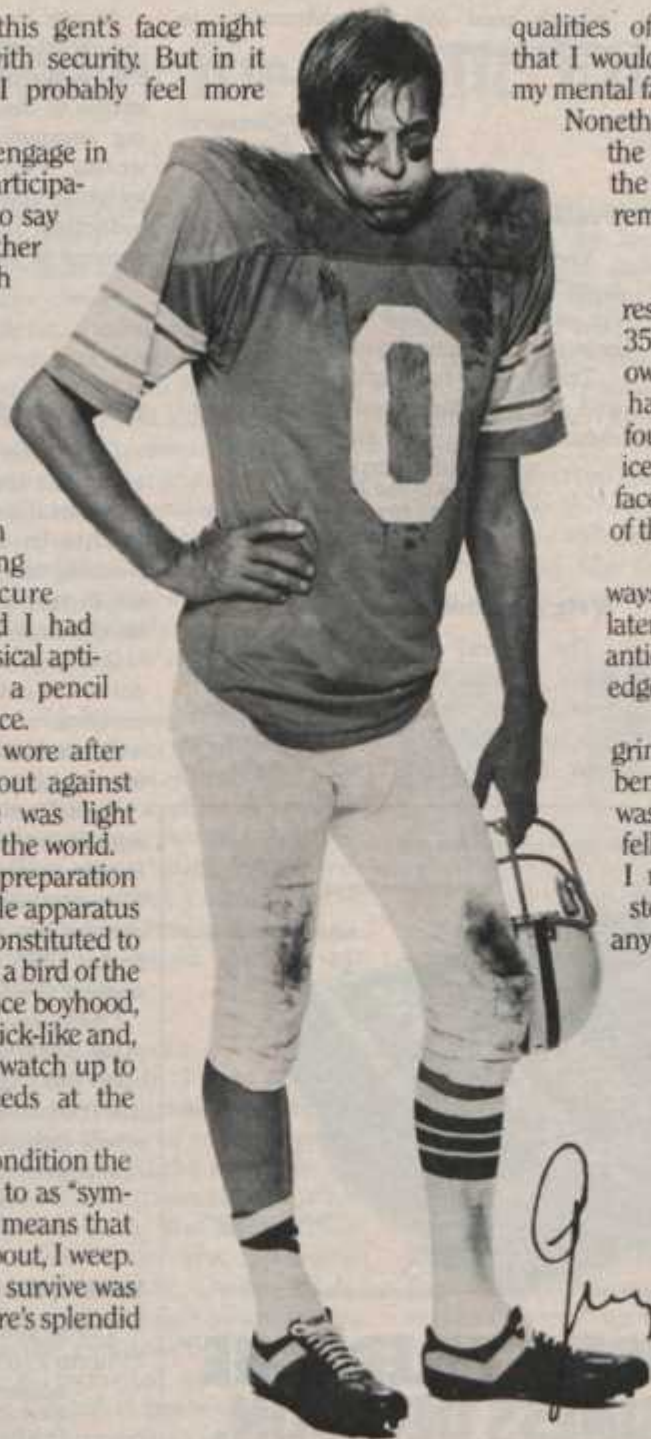
Playing goal for the Boston Bruins, rests very much on one's appreciation of 35 pounds of protective equipment. My own feeling was that 70 pounds would have been better—especially when I found myself alone on a vast expanse of ice in Philadelphia's Spectrum about to face a penalty shot from Reggie Leach of the Flyers.

As we converged, I threw myself sideways to the ice (a friend of mine said later that it looked like the collapse of an antique sofa) and Leach's shot hit the edge of my skate and skidded away.

When my fellow Bruins, all of them grinning broadly, came out from the bench to lift me off the ice (which was the usual procedure whenever I fell down) and escort me off the rink, I realized I was secure with a great story to write, if I could ever get anyone to believe it.

As my Detroit Lions' coach, George Wilson, once commented when he sent me out to play quarterback:

"...no guts, no glory."



Why some people feel more secure than others.



**Penn
Mutual**

For some, security is knowing you can afford to take chances. Because sometimes being just a little out of your league can put you into a whole new one. Penn Mutual can provide you with a way to meet those challenges through solid life insurance and financial planning geared to the future. Whether that future is a business of your own, a hard-earned retirement, or a family that's not even in the planning stages yet. Penn Mutual will help you secure *your* goals.

After all, there's nothing like taking a chance when you know you can't lose.

The Penn Mutual Life Insurance Company, Independence Square, Philadelphia, Pa. 19172

fraudulent cashing of social security checks. Fingerprinting would also provide positive identification of anyone filing for monthly benefits when that time comes.

Although we don't have the mechanics for nationwide instantaneous screening of fingerprints right now, it is just over the horizon, I'm sure.

Sadly, the Social Security Administration rejected my suggestion for reasons of public sentiment, thereby choosing to pursue an ostrich policy. I have no doubt but that in the years ahead it will have reason to regret its decision.

GEORGE E. KUHN
Field Representative
Social Security Administration
Leesburg, Fla.

Commendable change

The excellent article, "Chambers of Change" [Nov.], masterfully put into words the changing role of chambers of commerce in their respective communities.

Having seen the Pensacola Area Chamber of Commerce evolve over the past several years into a major community leader, I agree wholeheartedly that chambers "are breaking the stereotype

image of business boosters and taking leadership roles on major social issues."

No longer can we say "what's good for business is good for the community" because we now recognize that "what's good for the community is good for business."

F. E. BOOKER
President
Chamber of Commerce
Pensacola, Fla.

Praise

Your essay, "Profits Are for Everybody" [Oct.], is one of the finest articles for all of us to read ourselves and to pass on to our employees and children.

Thank you for putting it together and for your continued efforts in communicating business understanding.

THOMAS S. HAGGAI
Chairman of the Board
Independent Grocers' Alliance, Inc.
Chicago, Ill.

Weight times velocity

The federal increase in maximum gross weight for trucks to 80,000 pounds was made to offset the reduction in the speed limit to 55 miles per hour. ["The Great Truck Weight De-

bate," Oct.] Impact loading on the highway is the result of weight times velocity. It was argued that the gross weight could be safely increased with the reduction in vehicle speed.

As can be observed by anyone driving on interstate highways these days, the trucks are generally rolling far in excess of the 55-mph limit. The trucking companies have the best of all worlds with higher allowable gross weights, special fuel charges, and no reduction in speed—causing greater damage to our highways.

GEORGE R. SHIELDS
President
Hydrier Systems, Inc.
Indianapolis, Ind.

Scarce profits

I am really surprised and disappointed at the tone and character of your superficial and bizarre article, "Plump Profits in Pampered Pets" [Dec.]. Nothing in the article justifies the title; in fact, profits are scarce in pet-related businesses other than pet foods.

Quoting expenditures in millions of dollars is calculated to convey the impression of profits and affluence, but when reduced to individuals, these figures become quite insignificant.

Veterinarians' starting income averages about \$15,000 a year. The average hourly income is just over \$8 per hour. The purchasing power of this groups' income has decreased by 23.6 percent from 1965 to 1977, as measured against the Consumer Price Index.

Obviously, I cannot present a complete analysis of a profession in this space, but the article does not convey the true facts applicable to a group of small businesses serving the pet animal community's needs.

ALBERT O. GRIFFITHS, D.V.M.
Urbana, Ill.

Well done

Thank you for your excellent article, "Plump Profits in Pampered Pets."

ROBERT M. RAMSEY
Executive Vice President
Pet Industry Joint Advisory Council
Washington, D.C.

Winning chess

Hooray for "The Sport of Mental Giants." [Life-Style, Dec.] Too often chess players are thought of as sissies or intellectual weirdos. I personally find the game of chess not only challenging, but rewarding as well.

DEBRA D. EASTERLING
Executive Secretary
Chamber of Commerce
Prattville, Ala.



WHY THE INTELLIGENT TELEPHONE IS A SMART BUSINESS DECISION.™

For openers, Executone phones can bring you the substantial cost savings of owning your own phones instead of renting them.

But business decisions are based on more than just dollar savings. And that's why this new Charter™ Phone System is such an intelligent choice.

Charter comes from Executone, the nationwide telephone company with over 40 years of leadership in business communications. Our coast-to-coast network of local Executone offices is your assurance of dependable planning, installation and service.

Compare The Intelligent Telephone's features with your existing phones. We know you'll agree: Charter is smarter.

Mail to: Executone Inc., Dept. 4-V
29-10 Thomson Ave., Long Island City, N.Y. 11101

- ☐ Send me your free portfolio: "Why Executone's Intelligent Telephones Are A Smart Business Decision."
- ☐ Have your representative phone for an appointment.

Name

Company

Number of Phones

Street

City State Zip

Executone

A Member of Continental Telephone System

Doomsday for Public Education?

AT ONE of those year-end exercises in navel contemplation, pundit George F. Will was asked to predict some major development affecting a domestic institution during this decade. Mr. Will, the country's foremost pessimist, ventured a prophecy unusually pessimistic even for him. By 1990, he forecast, public education in the United States will have deteriorated to a point beyond significant recovery. Public school systems will remain, of course, but they no longer will play the dominant role.

Mr. Will, I should emphasize, found no particular pleasure in this melancholy prediction. On the contrary, he took pains to praise the enormous contributions of public education toward the melding of America into a prosperous middle-class society. But oracles, like umpires, have to call things as they see them.

We are talking about 15,700 separate public school systems embracing more than 43 million pupils and 2.2 million classroom teachers. We are talking of the largest area of state and local expenditures. In 1959-60, the taxpayers put \$15 billion into their public schools. Ten years later, the figure was \$40 billion. In the current school year, an estimated \$90 billion will be spent. It no longer is unusual for a state to report per pupil outlays of \$2,500 to \$3,000 for the school year.

WE ARE TALKING of something more—a century-old tradition, dating from the little red schoolhouse, that has embodied an American ideal. Here in the public schools children of every race, nationality, and economic class were brought together to be educated toward responsible citizenship. To be sure, the ideal was badly served in the segregated schools of the South and elsewhere. Private schools, chiefly the parochial schools, always have claimed a small share of our school-age population. But in most communities the public schools historically have been objects of parental affection and public support. Teachers as individuals and teaching as a profession have commanded universal respect.

It requires no pundit's license to remark on the disturbing reversals of recent years. A nationwide conviction has taken root that the schools, by and large, are doing a miserable job. In the popular image, the typical urban high school is seen as a hotbed of vandalism, drug abuse, and teenage pregnancy.

Most of the graduates, it is supposed, cannot make change from a twenty-dollar bill, balance a checkbook, write a literate paragraph, or identify more than one or two of the founding fathers. The teachers, for their part, are widely perceived as

money-hungry mediocrities, ever ready to hit the bricks on strike for higher pay.

The image is distorted. School systems large and small still benefit from the dedicated labors of thousands of teachers and principals who do indeed earn the gratitude and respect of their communities. But the troubling problem is that if the image embraces much that is false, it also embraces much that is true.

I have written about these matters before. ["How Our Public Schools Can Do a Better Job," May, 1978.] It would serve no good purpose to dwell at length upon the familiar bill of particulars. Parents and taxpayers everywhere are familiar with



the costs of vandalism, with the declining scores on achievement and aptitude tests, with the mounting hostility toward higher school expenditures. Every September brings the same dreary chronicle of schools closed by teacher strikes. The situation is not improving; it grows perceptibly worse.

YET IT MAY BE USEFUL to think about Mr. Will's gloomy prediction and to look once more at some of the causes that have imperiled public education. Unless the causes of the decline in confidence can be successfully attacked, the public school system—especially the urban system—is doomed.

The primary cause of education's troubles, ironically, is the educational establishment itself. By this I mean to include the whole, preposterous, top-heavy, overblown structure of teachers colleges, teachers unions, state and federal bureaucrats, and textbook manufacturers—among others—who have contrived to destroy much of what was good and to replace it with much that is wretchedly bad.

The most blistering recent indictment of the

teachers colleges that I have seen appeared last year in the *Texas Monthly*. It was the work of Gene Lyons, a college teacher who was outraged at the results of a test given to 535 first-year teachers in the Dallas school system. Half of them flunked. This was not a difficult test: The teachers were considerably outperformed by a volunteer group of juniors and seniors from a local Jesuit high school. At about the same time, half of those who applied for teaching positions in Houston scored lower in mathematical achievement than the average high school junior. These beginning teachers were not unique. They were mostly products of 63 accredited teacher-training institutions in Texas—institutions that were graduating "teachers who cannot read as well as the average 16-year-old, write notes free of [grammatical] barbarisms to parents, or handle arithmetic well enough to keep track of the field-trip money."

PERHAPS IT IS UNFAIR to write down the names of Dallas and Houston; in virtually every state, the whole business of teacher certification has been so corrupted that math teachers who know no calculus and history teachers who suppose vaguely that Frederick Douglass debated Abraham Lincoln are all certified. Crib courses in the methodology of education—in cafeteria management and public relations—have driven away solid courses in subject matter.

"The business of teacher education in Texas, as everywhere else in America," writes Mr. Lyons, "is a shame, a mammoth and very expensive swindle of the public interest, a hoax, and an intellectual disgrace."

The mountebanks and ignoramus who run the teachers colleges are supported by an interlocking apparatus of other vested interests. Local politicians are eager to support a local college. Textbook manufacturers have an \$800 million annual empire to maintain. Federal largesse has created thousands of jobs for people whose only task is to receive forms, complete forms, mail forms, revise forms, and account for the multiple copies required for every grant in aid. The two great unions, the National Education Association and the American Federation of Teachers, function in the classic patterns of trade unionism: Their goal is to create less work by more members, and in this role they function superbly.

A second major cause of the schools' decline, closely linked to the educational establishment but separate from it, is government at every level. There is irony here also; in theory, government is supposed to serve the very people who are so manifestly unhappy with their schools.

GOVERNMENT has afflicted the schools with bloat, and anyone who ever has seen a bloated cow knows what a miserable affliction it is. Responding to pressure from diverse quarters, including militant parents enamored of special causes, legislative bodies have larded upon the teachers many extraneous duties. It is no mystery how the schools got to be responsible for sex education, driver education, brotherhood education, drug education, and even

death education. Local school boards, responding to state school boards, responding in many areas to federal grants, have imposed these obligations. Have high school graduates never read a line of Addison, Steele, Pope, or Johnson? In the 20th century, who has time for the 18th?

For a third causative factor, write down the U. S. Supreme Court. Acting upon its exaggerated notions of due process, the court has made it all but impossible to punish or to expel the unruly student. Pursuing its own judge-made inventions for curing racial concentrations, the court has done more than any other force in society to achieve not desegregation of the schools but resegregation instead.

AT ONE TIME, the court's stupidity—or the court's naivete—might have had only a regional effect. With its decisions of the past term in *Dayton* and *Columbus*, the court apparently is prepared to impose the lunacy of racial-balance busing upon families and communities everywhere. Back in 1954, when the court produced its revolutionary *Brown* decision, it was unconstitutional to bus children solely because of the color of their skin. Today, it is unconstitutional not to bus children solely because of the color of their skin. A new racism has displaced the old racism. The predictable result has been white flight, gross dissatisfaction among black parents no less than white parents, and the growth of fearful tensions in the schools.

A number of other causal factors could be listed, but these will suffice. The question for the 1980s is whether any of these factors is likely to diminish in importance or disappear. I am as pessimistic in this regard as Mr. Will. Last year, Congress created a Department of Education. Even under the cool hand of Shirley Hufstедler, one of the ablest women in public life, the educational bureaucracy is bound to swell. Federal programs now finance about ten percent of operational costs in the schools; powerful political forces such as the National Education Association want to see that fraction grow to 30 percent. This would mean effective federal control of local schools, federal requirements for teacher certification, federal rules on the racial makeup of classrooms and teaching staffs, and so on.

THE STIFLING INFLUENCE of government and the educational establishment is not at all likely to diminish. The high court has shown no indication whatever of a willingness to open its eyes to the real world. From one end of the country to another, new private schools are opening their doors to fed-up families. Unless these trends can be arrested, the public schools eventually will house chiefly the poor and disadvantaged children who cannot escape to something better.

Such a prospect may be keenly regrettable, but it is not necessarily disastrous. In a free society, no valid reason exists to accord public education a virtual monopoly upon all education. Political mechanisms may yet be devised for the viable financing of nonpublic schools. If all this comes about, the educators, the unions, and the bureaucrats will have no one to blame but themselves. □

CANON INTRODUCES THE WORLD'S MOST COMPACT BIG COPIER.

Not much larger than a typewriter. Yet it can copy on virtually any paper. Up to 11 x 17. At 20 copies per minute letter size.

The reason: Micro-Computer technology. Fiber optics. A revolutionary "Toner Projection" system.

Canon NP-200. A new monocomponent plain paper copier. That fits your needs. Your office. And your budget.



Canon
PLAIN PAPER COPIER
NP 200

MICRONICS MAKES IT SIMPLE

.....
Canon USA, Inc. Copier Division 110 Nevada Drive, Lake Success, New York 11042
I'd like to know more about the NP-200
☐ Please send me more information. ☐ Please have a salesperson call.

NAME

TITLE

ADDRESS

CITY

STATE

TELEPHONE

ZIP

NP 200

THE ECONOMY

Fed Official Urges Credit Control Budget

The mushrooming growth of federal loan activities worries some financial experts who want a limit on both direct and guaranteed loans.

Loans and loan guarantees from the federal government and federally sponsored agencies are predicted to surpass \$550 billion this year, about one sixth of the total net funds expected to be raised in financial markets during the same period. And yet, says Federal Reserve Board member Nancy H. Teeters, "only a small portion of this credit activity is ever considered by Congress...."

In testimony before the House Budget Committee's task force on the budget process, Ms. Teeters strongly supported the creation of a federal credit control budget, which had been

suggested by the Carter administration.

"The American people and their representatives are not being properly informed of the government's impact on total credit flows," according to Ms. Teeters. "If direct loans, loan guarantees, and preferential tax treatment were given the same attention in the budget process as direct federal expenditures, the extent of total federal assistance to particular sectors would look much different than what is currently pictured in the unified budget."

The costs of such programs, Ms. Teeters says, "include not only the interest subsidies, the administrative expenses, and the default losses, but also the real loss in public welfare that occurs when federal credit programs are expanded beyond socially desirable and efficient levels.... Direct government loans or loan guarantees that enable one group of borrowers to acquire funds may make it more difficult for other groups to obtain credit."

Bad Year Foreseen by Business Editors

The long-anticipated recession is here and will last through the year. That's what editors of the nation's major business publications say, according to a survey by Hill and Knowlton, Inc., a New York-based public relations firm.

Many of the editors also expect the recession to be more severe than predicted.

Inflation will be the big story of the year, the editors believe. Energy will be a distant second, unless there is new trouble in the Mideast.

Among the bright spots cited by the editors are a growing willingness of Americans to face problems realistically and a trend away from big government.

Half the editors expect the economy to improve through the 1980s.

Gasoline Demand Shows Downward Trend

Some major petroleum refiners are forecasting that gasoline consumption will continue to decline during 1980.

The downward trend coincides with two factors: Gasoline inventories are extremely low, and OPEC's new round of price increases is expected to boost the price of gasoline by at least 11 cents a gallon this year.

During the last six months of 1979, gasoline consumption was down about five percent from 1978. If this trend continues, consumption this year will be nearly eight percent less. The reduced consumption contrasts sharply with the first half of 1978 when motorists proved they could consume as much gasoline as refiners could produce.

Raymond F. Winch, vice president for manufacturing, supply, and distribution for Sun Petroleum Products Co., Philadelphia, attributes the encouraging trend to several factors, including the proliferation of small, economical automobiles and the inconvenience caused by the shortened operating hours of service stations.

The Energy Department has established a goal that gasoline consumption should not require more than seven million barrels of oil a day through 1980. Consumption during the first nine months of 1979 was 7.1 million barrels a day, compared with 7.4 million for 1978. Still, the department expects gasoline supplies to be tight this spring and worsen during the summer.

Price Advisory Committee Opens for Business

The new Price Advisory Committee, which tiptoed into existence last year, may not be very favorably disposed toward business, some observers warn.

The price panel, like the Pay Advo-

PHOTO: BRUCE ADERTEL



The public is shortchanged when federal credit programs expand too much, says the Federal Reserve Board's Nancy Teeters.

ry Committee, serves in an advisory capacity to the administration's Council on Wage and Price Stability.

Chairman is Albert T. Sommers, senior vice president and chief economist of The Conference Board, a nonprofit business and economic research organization based in New York City. He is expected to be more sympathetic to the business viewpoint than the other members, who are:

Robert Atwood, a partner in the accounting firm of Deloitte Haskins & Sells.

Barbara Bergmann, a professor of economics at the University of Maryland who specializes in computer simulation models of economic processes. She was senior economic adviser to the Agency for International Development in 1966-67 and on the staff of the Council of Economic Advisers in 1961-62.

Carol Schwartz Greenwald, a visiting associate professor of business administration at the Harvard Business School. A former commissioner of banks for Massachusetts from 1975 until last year, she served on the staff of the Federal Reserve Bank of Boston from 1968 to 1975.

Stanley Ruttenberg, president of the economic consulting firm of Ruttenberg, Friedman, Kilgallon, Gutches & Associates. Mr. Ruttenberg is a former assistant Secretary of Labor and former director of research for the AFL-CIO.

John Sheahan, a professor of economics at Williams College. He is the author of three books including *Wage-Price Guideposts*.

CORPORATIONS

Labor Trouble Likely Throughout the Year

The coincidence of high inflation, federal pay guidelines, an economic slump, and major contract expirations will make 1980 a year of touchy labor relations.

Contracts covering almost four million workers will be up for negotiation. Major unions involved are the oil workers, steelworkers, communications workers, electrical workers, longshoremen, and machinists.

Labor experts say the unions will demand higher pay and improved cost-of-living clauses in an attempt to catch up with inflation. Union leaders are not expected to pay much attention to the official ceiling on pay increases.

SMALL BUSINESS

SBA Told to Speed Up Unified Data Base

The Small Business Administration has been trying for more than 18 months to set up a data base for the collection of information on the more than ten million small businesses in the United States.

What data now exist have been collected in an ad hoc manner. Now the Carter administration has directed SBA to accelerate its work and to establish an intergovernmental oversight committee.

"Some information now collected by the government is limited in value because different agencies use different definitions in measuring the size of a business," the President said in issuing his memorandum.

"In addition, there is no way to measure the relative contribution that small business makes to our economy because the data collected... are not available by size of business."

The new small business data committee will design the data base, determine criteria for classifying businesses by size, and redefine business size categories.

White House Reveals Plan to Promote Innovation

After an 18-month study of the innovation problems of industrial America, the White House has recommended specific changes or revisions in nine key areas.

The study, completed by the Commerce Department with substantial input from business and labor, was vigorously massaged by the White House domestic policy staff. White House science adviser Frank Press calls the plan a relatively modest beginning.

Some of the changes recommended are:

- An increase in the National Science Foundation's support for development of small businesses from \$2.5 million annually to \$10 million by fiscal 1981 and eventually as much as \$150 million.

- Changes in government procurement policies to give small and minority firms greater access to government contracts.

- Justice Department clarification

of its position on antitrust laws that inhibit innovation.

- Regulatory flexibility to allow for more small business competition.

- Improvement of general business education at the secondary and collegiate levels.

- Strengthening of patent laws to establish a uniform government policy that deals with inventions arising from federal sponsorship.

AGRIBUSINESS

Farm Number Drops; Farm Size Increases

In the five years that the Agriculture Department has collected the statistics, the trend hasn't changed—the number of U.S. farms is declining while the average size continues to increase.

The number of farms dropped 1.6 percent during 1979 to 2.33 million, and an additional one percent drop is expected this year. While the number of farms declines, average size has



The trend toward a smaller number of larger farms in the United States continues, says Agriculture Department.

OUTLOOK

crept up from 444 acres in 1978 to 450 last year and an expected 453 this year.

The amount of farmland—now 1.05 billion acres—is also decreasing, dropping 2.95 million acres in 1979 and a projected 2.35 million in 1980.

GOVERNMENT

New EPA Bubble Policy Wins Initial Praise

The Environmental Protection Agency's cost-cutting bubble policy to clean up air pollution, announced last year, has won the support of at least two companies.

Under the bubble concept, the overall air quality of a given area, rather than the emissions from each source at a plant, is measured for pollution.

C. William Verity, chairman of Armco, Inc., Middletown, Ohio, calls the policy "the happy combination of a cleaner environment at considerable savings in energy and dollars for a broad spectrum of basic industries."

The bubble policy cannot be applied in areas that do not now meet federal air quality standards and do not have an approved, revised state air pollution plan. This includes the majority of urban industrial centers.



For businesses that qualify, much lower pollution control costs are promised through use of EPA's bubble concept.

But the policy does give business more flexibility in working out pollution problems. E. I. du Pont de Nemours & Co. estimates that it may cut annual air pollution control costs, both operating and capital, from \$136 million to \$55 million.

Du Pont strongly supports the bubble concept, says Irving Shapiro, board chairman. "In particular, we endorse the movement to the flexible, cost-effective environmental controls that it represents. We calculate that a proper bubble approach would provide the same environmental benefits at 40 percent of the costs of source-by-source controls. The key is broad applicability of the bubble concept to new as well as existing emission sources and flexibility in administration."

At Du Pont's plant in Deepwater, N.J., the company could remove 89 percent of the hydrocarbons for \$5 million, a spokesman says. Without it, Du Pont would need \$20 million to remove only 84 percent.

Grass-Roots Group Will Study IRS

Is the voluntary compliance that makes the giant U.S. tax collection system work eroding away?

Citizen's Choice, a grass-roots lobbying organization affiliated with the Chamber of Commerce of the United States, has formed a tax commission to investigate and assess the Internal Revenue Service's policies. Among the questions the commission will examine through taxpayer hearings (the first of ten is being held this month in Tampa, Fla.), public opinion polls, research, and a toll-free telephone line are:

- Should the advice that IRS employees give to taxpayers be guaranteed so that taxpayers who follow it may not be penalized later?
- Should the IRS eliminate the bounty it pays taxpayers who turn in others for special IRS audits?
- Should stricter guidelines be established to prevent IRS harassment of individuals and corporations for political purposes?

Jay VanAndel, founding chairman of Citizen's Choice, says: "Tax law inconsistencies, IRS harassment, and an inflated tax rate could break down the willingness of the American people to comply with IRS regulations." The commission will present its recommendations to the IRS.

INTERNATIONAL

Planetary Product Does Well in 1970s

The world did better than most people think in the past decade, according to the State Department.

Using gross national product as a yardstick, output increased between 1971 and 1978 in all major areas of the world by an annual average of four percent in total and by two percent per capita. This is only one point less than in the 1950s and 1960s and decidedly better than in the first half of the century when the planetary product grew roughly 2.3 percent.

The study reveals interesting data about the United States and Russia.

"The share of the United States in the planetary product was 23 percent at the turn of the century; now it is 25 percent. Russia's share was about 11 percent; now it is 12.4 percent, which implies that the GNP ratio between the two great powers has changed very little," the department says.

Growth has been more rapid in the third-world countries, with some of them joining the ranks of the economically advanced nations.

Other countries, the State Department says, are retrodeveloping—their GNP is declining as a result of their inability to cope with economic and political problems.

To Sell in Japan, U. S. Should Adapt to Japanese

Quotas and tariffs could prove counterproductive in balancing U.S. trade with Japan.

"If American business people had done a better job of selling in Japan, we wouldn't have an \$8 billion trade deficit," says Vernon Alden, chairman of the Massachusetts Business Development Council.

"A most popular pastime in this country," he says, "is belaboring the Japanese, lobbying for trade quotas, and calling for tariffs."

A better route to balancing trade with Japan, he suggests, may be to emulate the thorough way Japanese businessmen prepare for marketing their products overseas.

"U.S. businessmen in Japan fail to learn the language and make no attempt to understand the culture or

when I planned to retire before fifty

this is the business that made it possible

a true story by John B. Haikey

Starting with borrowed money, in just eight years I gained financial security, sold out at a profit and retired.



"Not until I was forty did I make up my mind that I was going to retire before ten years had passed. I knew I couldn't do it on a salary, no matter how good. I knew I couldn't do it working for others. It was perfectly obvious to me that I had to start a business of my own. But that posed a problem. What kind of business? Most of my money was tied up. Temporarily I was broke. But, when I found the business I wanted I was able to start it for a small amount of borrowed money.

"To pyramid this investment into retirement in less than ten years seems like magic, but in my opinion any man in good health who has the same ambition and drive that motivated me, could achieve such a goal. Let me give you a little history.

"I finished high school at the age of 18 and got a job as a shipping clerk. My next job was butchering at a plant that processed boneless beef. Couldn't see much future there. Next, I got a job as a Greyhound Bus Driver. The money was good. The work was pleasant, but I couldn't see it as leading to retirement. Finally I took the plunge and went into business for myself.

"I managed to raise enough money with my savings to invest in a combination motel, restaurant, grocery, and service station. It didn't take long to get my eyes opened. In order to keep that business going my wife and I worked from dawn to dusk, 20 hours a day, seven days a week. Putting in all those hours didn't match my idea of independence and it gave me no time for my favorite sport—golf! Finally we both agreed that I should look for something else.

"I found it. Not right away. I investigated a lot of businesses offered as franchises. I felt that I wanted the guidance of an experienced company—wanted to have the benefit of the plans that had brought success to others, plus the benefit of running my own business under an established name that had national recognition.

"Most of the franchises offered were too costly for me. Temporarily all my capital was frozen in the motel. But I found that the Duraclean franchise

offered what I had been looking for.

"I could start for a small amount. (Today, only \$2188 starts a Duraclean dealership, and the company will finance the balance of the total \$6500 cost, without interest or finance charges). I could work it as a one-man business to start, and operate from my home. No office or shop or other overhead, no salaries to pay. Equipment would fit in my car trunk. (I bought the truck later, out of profits). Best of all, there was no ceiling on my earnings. I could build a business as big as my ambition and energy dictated. I could put on as many men as I needed to cover any volume. I could make a profit on every man working for me. And I could build little by little, or as fast as I wished.

"So, I started. I took the wonderful training furnished by the company. When I was ready I followed the simple plan outlined in the training. During the first period I did all the service work myself. By doing it myself, I could make much more per hour than I had ever made on a salary. Later, I would hire men, train them, pay them well, and still make an hourly profit on their time that made my idea of retirement possible—I had joined the country club and now I could play golf whenever I wished.

"What is this wonderful business? It's Duraclean. And, what is Duraclean? It's an improved, space-age process for cleaning upholstered furniture, rugs, and tacked down carpets. It not only cleans but it enlivens and sparkles up the colors. It does not wear down the fiber or drive part of the dirt into the base of the rug as machine scrubbing of carpeting does. Instead it lifts out the dirt by means of an absorbent dry foam.

"Furniture dealers and department stores refer their customers to the Duraclean Specialist. Insurance men say Duraclean can save them money on fire claims. Hotels, motels, specialty shops and big stores make annual contracts for keeping their carpets and furniture

fresh and clean. One Duraclean Specialist signed a contract for over \$40,000 a year for just one hotel.

"Well, that's the business I was able to start with such a small investment. That's the business I built up over a period of eight years. And, that's the business I sold out at a substantial profit before I was fifty."

Would you like to taste the freedom and independence enjoyed by Mr. Haikey? You can. Let us send you the facts. Mail the coupon, and you'll receive all the details, absolutely without obligation. No salesman will ever call on you. When you receive our illustrated booklet, you'll learn how we show you STEP BY STEP how to get customers; and how to have your customers get you more customers from their recommendations.

With no obligation, we'll mail you a 24-page brochure explaining the business. Then you, and you alone, in the privacy of your home, can decide. Don't delay. Get the facts before your location is taken by someone else. Mail the coupon, now.

DURACLEAN INTERNATIONAL
0-242 Duraclean Bldg., Deerfield, Ill. 60015



send
name
for
full
facts

DURACLEAN INTERNATIONAL
0-242 Duraclean Building
Deerfield, Illinois 60015

WITHOUT OBLIGATION mail letter and 24-page illustrated booklet explaining how I can increase my income and family security with a Duraclean Dealership. No salesman is to call on me.

Name _____
Address _____
City _____ State _____ Zip _____
County _____

OUTLOOK

What Size Is Your Lunch?

adapt products to the needs of the Japanese customers," he says. He cites the example of a manufacturer who tried to market his goods, but failed to make his clothes in sizes to fit the Japanese people.

PERSONAL

Food and Clothes May Buck Inflationary Trend

A moderate climb in food and apparel prices will give some solace this year to consumers squeezed by inflation, but everything else, from beer to automobiles to hospital care and utilities, will continue steady cost climbs, according to Standard & Poor's annual survey of consumer living costs.

The easing of food prices is based on a better than expected grain harvest and a larger Florida citrus crop. Beef will be in short supply as cattlemen rebuild their herds, but high poultry and pork production will keep prices competitive, according to the survey.

S & P says clothing will be one of the best bargains—a response to consumers curtailing purchase of nonessentials and being more selective about what they do buy.

PHOTO: IAN MESSER—BLACK STAR



Food prices are going up, but not as fast as most other prices. That's the partly encouraging word from Standard & Poor's.

For the female executive concerned with projecting a more businesslike image, the right style and size of briefcase, portfolio, or attache may be the answer.

That's the word from The Luggage Gallery, a New York City manufacturer of leather executive cases.

The company has produced a free brochure to help women make the proper decisions about buying an attache. For example, the maximum width should be no more than three inches. Fatter attaches are unfeminine.

The brochure even answers the question on every woman's lips: If a man offers to carry my briefcase, should I let him? Let the weight of the executive case be your guide, the brochure says.

TRENDS

Single-Parent Families on the Increase

A striking increase in the number of single-parent families has occurred since 1970.

Beverly L. Johnson, a research analyst at the Bureau of Labor Statistics, says that nearly one of every five families with children under 18 is now maintained by a single parent who is divorced, separated, widowed, or never married. The ratio was one to nine in 1970.

"These 5.9 million single-parent families—with 10.8 million children—are of special concern because two of every five have incomes below the poverty level, compared with one of every 16 two-parent families," she says.

Relocation Problems Slow Recruitment

Businesses face a new and major challenge in acquiring skilled technical and professional help because of relocation problems, says Deutsch, Shea & Evans, Inc., human resources consultants in New York City.

"Always a difficult aspect of job change, relocation has come to be an almost impossible option because of the recent hike in interest rates and the corresponding shortage of mortgage money," says Arnold R. Deutsch. "This difficulty is causing many quali-

fied people to pass up opportunities that require a move."

The firm's semiannual employment survey of employment directors in major corporations shows that 55 percent have found relocation a problem in hiring, and nine percent have found it a severe handicap.

Self-Discipline Is Major Requirement for CEO

An MBA or a law degree isn't necessary, but candidates for chief executive officer should have self-discipline, general administrative skills, and an aptitude for human relations.

These are major findings of a survey of chief executive officers by the Institute of Investor Opinion for C. Stewart Baeder Associates, Inc., a New York City executive search firm.

The survey shows that two out of three large U.S. companies do not have a formal plan for succession to the CEO position, but two thirds of the 150 responding CEOs have drawn a profile of the type of successor they would recommend.

Eighty-nine percent rate self-discipline as very important. Also in the top category are general administrative skills—82 percent—and a talent for employee communication—70 percent.

What People Expect From Business and Society

On issues such as crime prevention, retirement income, and housing, the public is not getting what it feels entitled to, says a study by the Public Relations Society of America.

A sample of 2,054 men and women, plus the 4,284 members of the society, listed the top five public concerns as: Prevention of serious crimes in the cities, adequate retirement income adjusted annually for inflation, adequate housing within each person's means, adequate public transportation, and a guaranteed job for all those willing and able to work. But more than half of those who said they were entitled to a particular benefit also said they do not now have it.

The study shows a rejection of the something-for-nothing attitude of some Americans. Respondents said they were least entitled to free services such as medical care and graduate schooling. □



300 SD



300 CD



300 TD



300 D



240 D

**Why choose a Diesel from a line of cars
when you can choose a Mercedes-Benz from a line of Diesels?**

For 1980 Mercedes-Benz makes three different sedans, a station wagon, a coupe, three engines and two transmissions. And offers 44 years of Diesel experience.



Engineered like no other car in the world

SMALL BUSINESS

Beset, Bothered, and Beleaguered

PHOTO: CHRISTOPHER SPRINKMANN—BLACK STAR



EVERYWHERE you look in America there's a small business—the corner drugstore, the auto dealer, the barber shop, the dry cleaners, the grocers. And every small business person you meet will rail against the same problems—pernicious inflation, restrictive regulation, burdensome taxes, lack of capital, flagging innovation.

Many economists and government officials at all levels have debated the remedies for the ills of small business.

Despite conflicting theories and policies, everyone agrees on one thesis: Unless something is done to help small business survive successfully as an American institution, it will become as rare as the buffalo, with effects as severe on the American economy as the vanishing of that species had on the American Indian.

At last month's White House Conference on Small Business, small business people had a chance to air their views and suggest changes in government policies to the administration and Congress.

The following article by NATION's BUSINESS editor Roberta Graham describes the five main problem areas affecting small business.

George Lockwood of Monterey, Calif., is one of two fish farmers domesticating the abalone, but he has problems—there are 42 agencies regulating his efforts.

by Five Big Problems



A SECTION in the New York State Code states that persons attempting to forecast the future shall be deemed disorderly... subject to a \$250 fine or six months in prison, says Lawrence Chimierine with mock concern.

Mr. Chimierine recently left New York to become chief economist and chairman of Chase Econometrics in Philadelphia where the law is somewhat gentler toward economic seers. And, based on Chase calculations, he reads the next few years like this: The recession is here and now, inflation will not drop below nine percent before 1983, and small business people will bear the brunt of it.

"We are entering into an underutilized economy," says Mr. Chimierine, "and the recovery will be slow. Each sector of the economy and each industry within that sector will recover at its own pace. But there is no doubt that small business, especially retailing and housing, will feel the effects of inflation and the recession the most."

Tight money market

Although inflation puts the squeeze on all businesses regardless of size or industry—and on all consumers regardless of income—small entrepreneurs have a limited ability to absorb the impact of increasing costs and prices. During inflationary times, sales drop, inventories accumulate, and small firms are forced to borrow at higher interest rates to support themselves. At the same time, employee wages are escalating to meet the higher costs.

Since the Federal Reserve Board's decision to change the way money is regulated, credit has become extremely expensive and, for many small firms, prohibitive. For those that cannot afford costly loans, the alternatives are to pass on the higher costs of supplies to consumers, thus risking competitive position, or to absorb price increases in order to remain competitive with larger firms.

Because of their traditionally higher

debt-equity ratio, small firms have a competitive disadvantage to begin with, says Milton Stewart, chief counsel for advocacy at the Small Business Administration.

"A large share of this debt is short-term in commercial banks. But as inflationary expectations increase, forcing interest rates up, the interest costs of the small firm rise by a larger proportion than those of its large competitors. The more rapid the growth of inflation and the higher the interest rates, the greater the competitive disadvantage."

Overall, the economy has shown

1. Inflation

some resiliency in fending off the looming—if not current—recession. The Commerce Department reports that retail sales were up more than one percent in November and December, although the yearly total was lower than in 1978. The department also says that business expects to spend one to two percent more in 1980 for plant and equipment than it did during the first six months in 1979.

But at the same time, the National Association of Home Builders reports that housing starts dropped 14 percent in November to an annual rate of 1.5 million units, while unemployment in construction increased to 10.5 percent from 8.8 percent in September.

Such figures indicate that the housing industry, especially sensitive to financing costs, is foreshadowing the impact inflation and tight credit will have on other industries.

Economists predict that the housing industry is heading into an abysmal year at best. According to F. W. Dodge, the construction-forecasting unit of McGraw-Hill, Inc., the slowdown in all phases of the construction industry will accelerate this year, and the value of U. S. building contracts, adjusted for inflation, will decline by eight percent.

This estimate is supported by a Chase Econometrics prediction that a substantial decline in personal purchasing power will preclude consumers from buying new homes this year.

According to figures from the home builders association, the median price of a home in 1974 was \$36,000. Today, it is \$63,000 and will escalate to \$100,000 by 1984. That represents an increase of 73 percent. Meanwhile, income will go up by only 48 percent over the same period.

"People just can't afford to buy a home anymore. Given the tight money market and high interest rates, housing is just way out of sight. And that galls the decent-thinking builders of this country, not only because it hurts business, but also because it destroys a basic American dream," says Lawrence Povia, president of Povia-Ballantine Construction Corp., Fort Myers, Fla.

Bellwether for economy

As a small businessman in the construction industry, he believes it won't be easy to survive the next few inflation-plagued years.

"A ripple effect runs outward from the construction industry," Mr. Povia says. "What affects us now will soon touch many other segments. It starts with the layoff of construction workers due to building cutbacks, then it moves out to the lumber and building materials industry, and then out toward the appliance manufacturers... It even hurts the lawyers who handle real estate matters."

Mr. Povia recalls how speculative building endangered his small firm during the 1974-75 recession. "So we game-planned for this one... no more speculative building, and we put a greater emphasis on commercial and multifamily construction. And still it's going to be tough."

"At 14 percent interest rates," says Herman J. Smith, a home builder from Fort Worth, Texas, "only eight percent

The State of Small Business

Small business has some reason to be optimistic about the future, yet, national problems still prevent independent business people from contributing fully to the technology, productivity, and economic progress of the country. This is the assessment of the third annual state of small business report prepared by the Center for Small Business at the Chamber of Commerce of the United States and presented to President Carter prior to the White House Conference on Small Business.

"The problems facing small business... have not abated; indeed, they have become more serious and cast a pall over the optimism that once was the hallmark of small business," the report says.

The report recommends reducing federal, state, and local government spending while reducing the federal deficit and balancing the budget; en-

couraging more savings and investment; initiating sunset reviews of government regulations, programs, and policies; reducing restrictions on trade and encouraging exporting; further reducing corporate and capital gains taxes; simplifying depreciation rules for plant and equipment; expanding the number of investors allowed under Subchapter S provisions to include corporations, estates, and partnerships; permitting deferral of taxes for roll-over of investments; eliminating regulatory duplication and conflict; providing a cost-benefit analysis for new regulations; implementing a flexible regulatory burden based on size of business and minimizing compliance costs; allowing business to retain patent rights developed under government contract; expanding research and development budgets of federal agencies; and expanding SBA's bank certification program.

of American families could afford a median-priced new home. A family would need an annual income of more than \$45,000 to afford the \$732 monthly payments on a \$65,000 home."

The next several months could prove difficult for most businesses—large and small, says Frederick H. Schultz, vice chairman of the Federal Reserve's Board of Governors. "Risky and over-extended businesses may find it difficult to roll over maturing short-term debt."

"If I were a small businessman, I might be worried, too. But keep in

mind that continuation of the inflationary environment would ultimately have had worse consequences for the economy as a whole and for most small businesses."

Late last year, Rep. Henry J. Nowak (D-N.Y.), subcommittee chairman of the House Small Business Committee, held hearings on inflation's impact on small business. Rep. Nowak says almost 90 percent of small firms in his congressional district covering Buffalo, N. Y., borrowed money from banks at more than 15 percent interest. About 55 percent paid in excess of 17 percent,

and nearly all respondents to his survey said they had delayed expanding their businesses, adding new employees, purchasing new machines, or opening new facilities.

While his subcommittee on access to equity capital and business opportunities is preparing a detailed report, Rep. Nowak has introduced a bill providing for a two-tier interest rate system. The Fed is encouraging member banks to offer the two-tier system, Rep. Nowak says, but hasn't done a thing formally to move banks in that direction.

No need

Mr. Chimere says it's too late for the Fed to encourage the two-tier system. "That is something the Federal Reserve should have done months ago, but with interest rates coming down, there is no need for it at this time."

William Barth, who headed a task force on inflation for the White House Conference on Small Business, says: "These days, small businesses are in a constant state of going out of business. Therefore, small business owners should do what they can for themselves, and the government should consider every exemption possible."

Football game

Perhaps the most logical solution may be found in an analogy by William Nordhaus, a Yale University economist and former member of President Carter's Council of Economic Advisers.

He says that inflation is like a football game. When people jump up to see better, others must stand up to see over them. When everyone is standing, no one can see as well as when they were all seated. The answer is to make them all sit down together. The question is how.

2. Regulation

GEORGE LOCKWOOD is one of two fish farmers in the United States domesticating the delectable abalone. He heads a small, innovative company with sales heading toward \$5 million.

Yet the divers he employs to hunt to the abalone mollusks must adhere to the same Occupational Safety and Health Administration regulations as divers hired by the transnational oil companies for offshore construction work.

Additionally, the California Coastal Commission may rezone his farm as an industrial plant, and the Environmen-

tal Protection Agency regulations on solid waste consider the abalone holding tanks a sewage treatment plant.

Altogether, 42 federal, state, and local government agencies regulate Mr. Lockwood's fledgling business. Prohibitive is not the word he chooses to describe this regulatory situation—he calls it madness.

"At least 50 percent, and probably closer to 70 percent, of my time is spent dealing with government," he says, "instead of applying that time to my duties as chief scientist and chief operating officer of my company."

Mr. Lockwood, president of Monterey Abalone Farms, Monterey, Calif.,

estimates that government regulations have cost the business about \$1 million in compliance and labor costs and two years of operating time.

Pricing regulation

There is no doubt that government regulation has a great impact on small business, but Robert E. Berney, chief economist for the Small Business Administration, says the actual cost of federal regulation on small business had never been calculated.

"Until recently, the government had never asked for differentiation between small and large businesses when calculating the cost of government reg-

ulation," he says. "That has been our main battle cry; putting a price tag on regulation and establishing a data base system to collect adequate information on all aspects of the small business sector. A basic profile must be established so that we will be able to delineate between large and small businesses in determining the cost-benefits of government regulation."

"As it stands now, it's a matter of the blind leading the blind," Mr. Berner adds.

Highest cost ever

Congress recently examined figures presented by economist Murray Weidenbaum, head of the Center for the Study of American Business at Washington University in St. Louis. Dr. Weidenbaum's estimates, although disputed by some people, show that government regulation will cost business an all-time high of \$100 billion this year.

His figures have been examined and cross-examined by government agencies including the Commerce Department, whose private consultant says they are too low, several congressional committees, the Regulatory Council, which says they are unsubstantiated, and several consumer trade associations, some of which assert they are too high.

Although no consensus has emerged, it is accepted that small business probably shoulders at least 60 percent of regulatory costs.

Hinders competition

"The regulatory burden is similar to an excise tax with a rate that declines as the firm gets larger," says Mr. Berner in a report on the impact of government regulation on small business. "People concerned with tax equity or neutrality would complain bitterly about such a tax since business size has never been considered a valid reason for differential tax treatment, at least, not a higher tax burden on smaller firms."

"Certain regulatory burdens and costs fall more heavily on labor-intensive firms. Because small businesses tend to be more labor, rather than capital, intensive, the effects of these government programs make it harder for small firms to compete," Mr. Berner adds.

Mr. Lockwood believes that the aquaculture industry has an unusually high regulatory profile.

"That's not to say that other industries are not victimized by government

regulation, but what is happening to the aquaculture industry may simply be a foreshadowing of how other industries dominated by small businesses will have to operate in the new regulatory climate."

In his efforts to domesticate the abalone, Mr. Lockwood's firm has done battle with EPA over being regulated as a sewage treatment plant. Because ocean water is pumped into the abalone holding tanks and back into the ocean, Mr. Lockwood must have EPA and state permits to operate as a sewage plant. He also needs a permit from the U. S. Army Corps of Engineers for discharge pipelines leading from the tanks to the ocean, and six permits from the California Fish and Game Commission to grow abalone indoors.

Furthermore, if the state decides to zone his fishing area as industrial, Mr. Lockwood may have to obtain an exemption from the Food and Drug Administration because the abalone would not qualify as edible under FDA standards.

Mental burden

The impact of government regulation on small business goes beyond the millions of dollars spent in compliance and the billions of hours devoted to paperwork, according to Mr. Berner's report.

Indirect costs result from postponing construction projects, investments in equipment, and development of new projects.

Another significant indirect cost, the report notes, is the psychological burdens related to government regulation. These are intangible, but are reflected in the depression and frustration felt by the entrepreneur who must take time from his business to deal with government regulation and paperwork.

"The ultimate solution will not come easy," says A. Vernon Weaver, administrator of the SBA. "If you're asking whether we should have government regulation, the answer is yes. No one advocates complete abolition. And if the question is whether the government has gone too far, the answer is also yes. ..."

Pendulum swinging back

"The regulatory climate is now very restrictive. But the pendulum is swinging back. Certainly Congress is trying. Now the administration has to look at what it can do to help small business."

The SBA's office of advocacy has completed a project in which more



No. 524 Mesh

No. 525 Nylon (Lined)



No. 518 Polyester (Lined)

No. 527 Blue Denim

ADJUSTABLE CAPS

WITH EMBLEMS USE FOR:

Safety awards, incentive for production goals, product promotion, advertisement, conventions, company picnic, trade shows, attendance awards.

Choose the cap that fits your need. Send us a copy of your logo or a rough pencil sketch and we'll do the rest. Your emblem expertly made and sewn on the best cap available.

Please furnish the following information:

• Style No. _____ How Many _____

• Copy For Emblem _____

• Color _____ Royal Blue, Navy Blue, Red, Black, Orange, White, Gold, Kelly Green

Price includes one 1-color emblem sewn on front of cap. (Minimum Order - 72)

72	144	288	432	864	1728
\$3.65 each	\$3.10 each	\$2.95 each	\$2.85 each	\$2.75 each	\$2.65 each

CARDINAL
CAP & JACKET CO. L

Highway 460-11 Box 275 TOLL FREE
Grundy, VA 24614 800/336-0531
Alaska, Hawaii and Virginia
Call Collect 703/935-4545

Low price time clock helps small companies meet strict requirements of wage-hour law

For fast information at no obligation, phone TOLL FREE 1-800/241-4990. (In Georgia phone collect 404/891-0400), or mail coupon.



LATHEN TIME RECORDER COMPANY
174 Selig Dr., S.W., Atlanta, Ga. 30336

Please send me data sheets and prices.

Name _____
Company _____
Address _____

Lathem

TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

than 800 small business owners kept a diary of how much time they spent filling out government forms and the costs of complying with reporting requirements. From this, SBA hopes to illustrate the excessive burdens placed on small business owners by a regulatory system that treats large and small alike.

The study reveals that the average compliance cost to a small business is \$1,270, but the cost for individual companies ranged from \$400 to \$72,000 per year.

\$12.7 billion annually

"Assuming that there are about ten million small businesses, the annual burden can be set at about \$12.7 billion," Milton Stewart, SBA's chief counsel for advocacy told the Senate Select Committee on Small Business. "Since about 74 percent of the reporting requirements are federal, it is possible to conclude that the federal reporting burden on small business is just slightly under \$10 billion per year, and the combined state and local burden is close to \$3 billion."

Mr. Stewart concludes that the major source of reporting burdens continues to be the haphazard way government agencies collect their data.

"No agency is required to share information," he says. "Each has the right to issue its own forms and information requirements. Each has the right to require its own information. And each has the power to enforce all of these rights."

"This lack of coordination and sharing of information is the root cause of why the information reporting burden on small business is tied so irrevocably to each new growth in the bureaucracy. And it is this problem that the weakened Federal Reports Act has been unable to cure," says Mr. Stewart.

Small business cannot expect an across-the-board solution for regulatory ills, says Harold M. Williams, chairman of the Securities and Exchange Commission.

Agencies are slowly initiating regulatory reform, he says, adding that quick-fixes and unbridled reform can be as disruptive to the nation as run-away regulation.

Changing needs

"Reform of federal regulation is part of the never-ending task of adapting our complex government machinery to the changing needs of the nation. This is not a task that is susceptible to pan-

aceas or administrative shortcuts."

Since the administration two years ago ordered federal agencies to write regulations in plain English and analyze proposed major regulations, Congress has drafted a variety of bills on regulatory relief.

Just before Christmas, Congress exempted about 40,000 small businesses employing fewer than ten people and exhibiting good safety records from inspections by OSHA through next September.

Having their say

Small business owners had their say about excessive regulation at the White House Conference on Small Business last month. The delegates recommended that Congress implement legislation establishing a two-tier regulatory system, sunset limitations on all regulations, and specific cost-benefit analyses to demonstrate the effects of regulation on small business.

Although these ideas have been talked about for some time, the pressure is on Congress to act now. As a member of the White House domestic policy staff says: "It will be very difficult for members of Congress to vote against any measure labeled regulatory reform this year."

3. Taxes

FOR JO GOFF, owner of a women's clothing store in Knoxville, Iowa, 1978 proved to be a costly year. She was forced to fold a venture she had spun off from her small shop.

Shortly after the laid-off employee began collecting unemployment compensation, Ms. Goff's total unemployment tax rate leaped from 1.5 percent to six percent. This year, because of the higher tax rate and an increase in the federal minimum wage, Ms. Goff has had to lay off yet another salesperson.

"The increase was like adding insult to injury," she says. "In 1979 alone, I paid more than \$4,300 in payroll taxes for five full-time employees."

"We are genuinely a small business in a rural community of only 7,800 people. No matter how good your sales or what your merchandising capabilities may be, it's still very difficult to meet the demands of increasing minimum wages and payroll taxes."

Small business owners pinpoint taxes of all sorts as an ever-increasing burden. And labor-intensive entrepreneurs most likely will complain first

about the amount of payroll taxes.

"It's a real burden," says Charles R. McDonald, president of McDonald Equipment Co., Willoughby, Ohio, an equipment distributor.

"Congress simply must fund the growing social security debt from the general fund or find some other means aside from increasing payroll taxes," adds Mr. McDonald, who is also the small business representative on the President's tripartite Pay Advisory Committee.

\$600 billion deficit

The Federal Unemployment Insurance Act caps the combined state and federal tax payment by employers at 3.4 percent of total payroll, unless the individual state rate is higher as is the case in Iowa. Both employer and employee now pay 6.13 percent under the Federal Insurance Contributions Act (FICA) on the first \$25,900 of earnings. However, social security taxes are scheduled to rise to 6.65 percent next year and to 7.15 percent by 1986.

Unless the financing of social security is changed, the deficit is expected to be \$600 billion by 2000. To cover that

unfunded liability, social security taxes would have to increase to 11.5 percent for employer and employee.

Former Social Security Commissioner Stanford G. Ross believes that before social security payroll taxes can be reduced, a mechanism to replace the lost revenues must be in place. He admits that the current system must adapt to the changing demographics of the work force and the growing number of retirees. But, he adds, the system is basically sound, and no one need fear not being paid benefits.

Congress is now considering changes to the social security system. The Social Security Advisory Council, a group of experts appointed every four years to review the program, has recommended that government workers be included, that benefits be taxed as income upon receipt, and that general revenues be tapped to help finance the four trust funds comprising the system.

Despite political support for cutting payroll taxes—both the administration and Congress are sympathetic—the big question is how to replace the funds that would be lost. Any reduction would mean coming up with a new



President Carter was the first of many administration officials who spoke to delegates at last month's White House Conference on Small Business.



Richard F. Leavitt (right), president of Chelsea Clock Co., Chelsea, Mass., needed \$200,000 to add warehouse space. He solved his problem by financing with industrial revenue bonds.

source of revenue or cutting benefits. Neither step would be easy.

But Rep. Richard A. Gephardt (D-Mo.) has an unusual alternative. His plan would give workers, the self-employed, and employers income tax credits of 20 percent on social security taxes paid. The credit could be applied against personal taxes. In other words, for every dollar paid in social security taxes, a person could recoup 20 cents of every dollar paid in personal income tax.

VAT controversy

A more controversial method to alleviate tax pressure on small business is the value-added tax proposed by Rep. Al Ullman (D-Oregon), the chairman of the House Ways and Means Committee. The VAT—a tax on consumption rather than production—would be accompanied by cuts in individual, corporate, and social security taxes.

Under the original VAT proposal, social security taxes would be reduced by 2.15 percent for both employer and employee, beginning in 1981. Most of that lost revenue would be diverted from the old-age and survivors fund, medicare, and the disability insurance fund. Funding of these programs would come from the ten percent VAT.

But neither Commissioner Ross nor the advisory council support the VAT

proposal as a viable replacement for cuts in security taxes. Small business groups fear that a VAT would generate unbearable paperwork. And many legislators concede that the bill needs to be reworked before it will attract broad-based support.

Payment options

Meanwhile, some businesses are exercising their option to pay either all or part of the social security tax. Originally, Congress decided that employers would be responsible for the entire amount; however, it relented under pressure from business groups, which foresaw a growing tax burden.

In the end, the Social Security Act and the Internal Revenue Code were written to allow an employer either to pay the employee's share of FICA tax and reduce the individual's wage base by that amount or subscribe to the 50-50 split.

According to IRS, an employer may find that by paying the whole FICA tax, the employee will net a larger paycheck and the employer will pay lower overall taxes because of a reduced gross payroll. Workers, however, must earn a salaried income below the social security wage base of \$25,900. And the method benefits only those businesses with a larger payroll.

"There is not a heck of a lot a small

business person can do to defer payroll taxes," says Michael L. Borsuk, a partner and small business tax expert with Coopers & Lybrand, an international accounting and consulting firm.

But there are certain accounting methods including inventory valuation and depreciation techniques that can help a small business owner ease the tax burden. "They are simple techniques, but most small business people allot the least amount of attention to the financial operations of their business," he says. "The small business owner is not usually a financier. That is why inventory accounting should be simplified for smaller businesses."

Cost recovery formula

An election year always produces profuse political rhetoric about tax reductions, and 1980 will be no different. What kind of tax breaks Congress will enact is not certain, but some liberalization of depreciation rules is likely.

Mr. Borsuk says that although certain techniques can now be applied to accelerate depreciation write-offs, the Capital Cost Recovery Act, known by its nickname of 10-5-3, would greatly enhance a small business's ability to recoup investments. The bill, which is opposed by the administration although the concept is favored, would allow businesses to depreciate build-

ings in ten years, equipment in five years, and light vehicles and trucks in three years.

Grady Haynes, president of Haynes Brothers Supply Co., Murfreesboro, Tenn., supports the 10-5-3 concept. He says that because of growing inflation and complex depreciation schedules, a diesel-powered truck equipped with a loading boom costs roughly 50 percent more than it did in 1976.

"With the current seven-year depreciation schedule for equipment, we just cannot afford that kind of money,"

says Mr. Haynes. "If this recovery time were to be reduced to three years, we would be able to reinvest in new plant and equipment."

Mr. Borsuk says that businesses will be better able to make use of the wider tax brackets created by Congress under the Revenue Act of 1978 if depreciation write-offs are accelerated.

Congress, which in 1978 reduced the capital gains tax by 20 percent, restructured the tax brackets for all businesses, and increased the investment tax credit, may use the 10-5-3 bill

as a vehicle for a business tax cut this year. Likewise, small business can expect further restructuring of the corporate tax schedule, possibly as part of a 1980 tax cut.

Other corporate and personal tax-reducing solutions probably will be left to marinate for another year—including a cut in the top personal income tax rate, which would benefit sole proprietors, a more liberal exemption in the federal estate tax, and relief from capital gains tax if the profit is reinvested in another business.

4. Capital Formation

WHEN small business owners sit down at the money market table this year, the portions will be skimpy and, because of high interest rates, not terribly palatable.

Even in the best of times, the supply of capital available to small business is rarely abundant. Inflation and high interest rates have contributed to the shrinking money larder over the past few years. Economists predict 1980 won't be much better.

In 1969, 550 firms with assets of less than \$5 million raised an aggregate of \$1.5 billion in the equity market. In 1974-1977, only 80 similar companies were able to raise a total of \$415 million.

While venture capitalists say that more risk money will be available this year, economists confidently predict a sizable deficiency, and small business remains generally skeptical.

Family loans

"Hardly anybody wants to lend money to a new business unless it can prove that it doesn't need it," says Mark Burrall, president of a small materials handling company in Green Bay, Wis. In 1977, Mr. Burrall financed his firm's start-up costs with a loan from his family. He didn't have the inventory or any real property to put up as collateral and was sure that he would be turned down by a bank.

"I'd say that most small business people receive their seed money from a family source," says A. Vernon Weaver, administrator of the Small Business Administration.

But because of congressional actions lowering the capital gains tax, coupled with promises for more of the same this year, venture capitalists say risk money is more abundant now than in the past ten years. Although most ven-

ture capitalists fund companies with a five-year track record or more, some money can be obtained for start-up companies.

"Generally speaking," says Rep. Henry J. Nowak (D-N.Y.), "smaller companies depend on bank financing to a greater degree than larger companies. Small firms require more frequent refinancing and are, as one might suspect, highly leveraged."

"Our data indicate that small firms are paying more for debt financing, but it is generally available. In this regard, I suppose you can say that small business will brown-bag it instead of dining out this year."

Few small businesses have the financial fortitude to digest the soaring interest rates on the money that is available. The inflated cost of credit—sometimes two or three points above the prime rate—drains the small entrepreneur's cash flow. However, alternative financing options may soon be on the menu.

Harold M. Williams, chairman of the Securities and Exchange Commission, has announced that the SEC will lift its moratorium on stock options and may allow the stock exchanges to add more options listings. This would permit smaller companies to sell stock to raise revenue.

Although small companies are generally averse to equity financing, the SEC's policy reversal on options could persuade more small firms to try this method. In addition, Congress is considering legislation allowing small firms to sell an unlimited amount of securities to large investors, without the paperwork now required.

Secondly, Arthur Andersen & Co., the national accounting firm, has proposed a new hybrid security called a small business participating debenture. A bill introduced last year by Sen. Lowell Weicker (R-Conn.) would

allow these debentures to be offered with a fixed-term debt instrument and a stated rate of interest, plus the opportunity for the investor to share in the company's earnings. Participation would be limited to companies with sales of less than \$25 million annually.

According to William D. Barth, director of small business practice for Arthur Andersen & Co., these debentures have two advantages: Interest paid to investors is considered a deductible business expense, and the firm would pay a premium for the use of the capital only for the time held.

Interest received from the purchase of a debenture would be taxed as ordinary income. But the amount paid as a share of the company's earnings would be taxed as a long-term capital gain. Additionally, the investor would receive a tax credit for the amount invested.

Industrial revenue bonds

Perhaps one of the most overlooked methods of raising capital is the industrial revenue bond, a by-product of congressional attempts to help the states lure new business.

Richard L. Leavitt used this method to raise \$200,000. Mr. Leavitt, president and owner of the 83-year-old Chelsea Clock Co., Inc., Chelsea, Mass., needed new machinery and 1,800 additional square feet to continue the firm's current level of operations.

"But as a business manager I could not justify the addition by means of conventional financing. It is just too expensive, and over 25 years the interest rates will kill you."

Through the assistance of the Massachusetts Industrial Finance Agency, which helps businesses issue industrial revenue bonds, Mr. Leavitt obtained \$200,000 at nine percent interest over 20 years. Most of the investors were bankers or insurance companies.



Despite the fact that he is located in the prosperous and fast-growing area of Fort Myers, Fla., Lawrence Povla, president of Povla-Ballantine Construction Corp., expects his business to be off 20 percent this year.

"I could have overlooked this method of financing and would now be sitting on a 20-year, \$200,000 loan repayable at 15 percent. The bond method took a little longer [three months] than traditional means, and it meant filling out a lot of forms, but once that was done, I saved a lot."

The appeal of industrial revenue bonds is that they are tax exempt. Congress recently almost doubled the limit on bond financing to \$10 million, and many states interpret the limitations

loosely to encourage firms to relocate.

A new angle for increasing the use of these bonds was proposed at the White House Conference on Small Business. The proposal to establish an SBA guaranteed bond has been pushed for months by Frank C. Romano, Jr., president of Agawam Associates, Rowley, Mass. With the help of a Wall Street investment banking firm, Mr. Romano packaged the proposal for the conference.

"Small business has been excluded

from a very important source of capital... because of the unmarketability of small companies' bonds," he says. To make small firms' bonds more viable, he is asking SBA and the Farmers Home Administration for a 90 percent guarantee. "This would permit small firms to borrow capital at a rate two to four points below the prime," says Mr. Romano.

Opposition at Treasury

While SBA has a pilot program to help manufacturers of pollution control equipment finance their businesses through bonds, chances of support for a broad-based guarantee program are doubtful.

"The Treasury Department has always been against the use of tax-free bonds as a means of generating capital," says SBA Administrator Weaver. "And it is my suspicion that any company that has a credit rating to secure bond revenue can get the money elsewhere."

In a letter to Mr. Romano, Harry K. Schwartz of the White House domestic policy staff reiterated Mr. Weaver's contentions.

"I anticipate resistance to the proposal from OMB [Office of Management and Budget] and the Treasury," says the letter, "but I find it quite appealing and intend to pursue it."

Meanwhile, critics of revenue bonds estimate that their use will cost the Treasury \$10 billion in revenue losses over the next ten years.

"In times when dining at the money market table leaves a small business owner starving," says Mr. Romano, "any means of generating new sources of capital should be regarded as a positive step for the overall economic well-being of the country."

5. Innovations

Most Americans wouldn't want to manage their day-to-day lives without the products of great American inventors such as Thomas Alva Edison and Alexander Graham Bell.

As yet unknown inventors and small innovative firms are today struggling to pioneer new technologies that will have as much, if not more, impact on American life in the next century. Small innovators like Judith and Arthur S. Obermayer, Gilbert Levin, and Clyde R. Goodheart are not household names, but their innovations may one day be as important as the electric light and the telephone.

Yet innovative firms are finding it increasingly difficult to compete in today's marketplace. "The cost to the American people of government policies that are hostile to innovation and to the creation of new companies is hidden but enormous," says Dr. Goodheart, president and founder of Biolabs, Inc., Northbrook, Ill., a firm that diagnoses carcinogenic substances.

"All too often, a creative person dismisses an idea for a new product or service as too costly, too time-consuming to get through the regulatory process, and too difficult to obtain patent protection."

In 1978, President Carter initiated a massive policy review to determine if

federal policies hamper innovation. Hundreds of hours of research went into task force reports that were to form the foundation for the final Commerce Department recommendations. But the outcome, the industrial innovation message to Congress announced by President Carter last November, leaves much to be desired, say small business innovators.

Their biggest complaint is the absence of changes in tax policies that currently discourage investment in risky, innovative ventures. One rejected proposal was a tax write-off for industry research and development.

"I understand that changing certain tax laws could provide additional in-



Canon P10-D is the world's first portable printer/display to use standard paper tape.

This offers several advantages over printing calculators that use thermal or coated paper.

One advantage is that plain paper tape is easier to write on.

Another is that the printout is clearly more legible.

And finally, it's much more economical and convenient to buy.

But naturally, there are many other features that make the Canon P10-D the best-selling portable printer/display in America.

It has an easy-to-read 10-digit display in bright, fluorescent blue.

A live memory for storing or accumulating inputs and calculated results.

An item counter to help you keep track of entries.

A convenient add-mode with floating decimal.

A percentage key, automatic constant and more.

Complete with rechargeable NiCd batteries, it is so portable, and so compact, you use it anywhere—office, home, or work situation.

Canon P10-D.

The established leader in portable printer/display calculators in America.

IN.



CANON P10-D.
The best-selling portable
printer/display in America.
With standard plain paper tape.

Where quality is the constant factor.

Canon
 ELECTRONIC CALCULATORS

Canon U.S.A., Inc. 710 Nevada Drive, Lake Success, New York 11042 • 8380 Peachtree Industrial Blvd., Norcross, Georgia 30071
 140 Industrial Drive, Elmhurst, Illinois 60126 • 123 Paulina Avenue East, Costa Mesa, California 92626

© 1979 Canon U.S.A., Inc.

centives for investment in innovation," the President said then. But he implied that any changes would not be considered in isolation and no tax changes would be implemented earlier than fiscal 1981.

The President's review did, however, suggest several positive moves including an increase in federal research and development funds and reform of the federal patent process.

Turning point

The Small Business Administration's office of advocacy produced its own study, which resulted in legislation introduced by Sen. Gaylord Nelson (D-Wis.), chairman of the Senate Select Committee on Small Business.

"If the recommendations in the SBA report were followed, the result could be a turning point in correcting the national malaise cited by President Carter," says Gilbert V. Levin, whose small company, Biospherics, Inc., Rockville, Md., has developed a product that extracts phosphorus from municipal waste water.

"Innovation thrives in small businesses, as do pride and productivity," adds Dr. Levin. "Jobs are created at rates far exceeding the national business norm. I believe Yankee ingenuity has its roots in small technology firms."

Fewer U. S. patents

According to the Office of Management and Budget, small businesses employing fewer than 1,000 people accounted for roughly half of the nation's innovations between 1953 and 1973. That figure is four times greater per research-and-development dollar than for larger firms.

Still, the National Science Foundation says, private research and development dropped by 13 percent between 1968 and 1978. The drop is in keeping with shrinking federal support and the decreasing number of patents granted to American inventors. That number has been in decline since 1971 when patents peaked at 56,000, the foundation says. During the same ten years, patents granted to foreigners have increased dramatically.

"It took five years from the Wright brothers' first flight to convince the U. S. government to buy an airplane from them," says Dr. Obermayer, president of Moleculon Research Corp., Cambridge, Mass., which developed a badge that monitors exposure to toxic chemicals in the workplace.

"Even then, the government was

afraid to take a chance on a little guy with a big idea. As a result, all the combat airplanes flown in World War I by Americans were made in Europe. So far, we have not learned from our mistakes. We have not gotten the government to take a chance on the small inventor-entrepreneur," says Dr. Obermayer.

Conversely, small inventors are becoming increasingly skeptical of taking their chances with government. When an inventor develops an idea with federal funds, the invention belongs to the public, theoretically. No one should have the exclusive right to a product developed with public money, according to present patent policy.

Thousands unused

One legislative proposal would amend this policy so that an inventor would have the right to reimburse the government for funds used to develop the product and retain full patent privileges.

Advocates say such a system would alleviate the waste of so many viable projects developed with government funds but shelved because of patent policy.

Sen. Adlai E. Stevenson (D-Ill.), chairman of the Senate Commerce subcommittee on science, technology, and space, says thousands of patents go unused every year. Between 1970 and 1975, 53,000 inventions were funded by the government. Of that total, only ten percent were licensed to private producers, and only five percent were used commercially.

More effective spending

"The normal government approach to a problem is to throw money at it and expect the solution to appear," says Dr. Judy Obermayer, a scientist at Moleculon Research.

"Government bureaucrats spend with ease and safety in mind. But what we are proposing does not require more money, rather a more effective use of what we have.

"The challenge is for the bureaucrats to take some of the same money and divide it among companies and inventors with new and creative ideas," she adds.

"Exploring the technical and economic feasibility of untried technology means taking on the risk of failure. That is a necessary risk to ensure our future survival." □



To order reprints of this article, see page 72.

NATION'S BUSINESS



If you've been looking for a convenient printing calculator to take with you on business trips, this is it. Canon PalmPrinter.

The first plain paper printing calculator in a size this small.

A printing calculator so portable,

it comes with its own paper storage chamber, so the paper is fully protected when traveling.

But don't let its compact size deceive you.

It offers you all the features you need.

It gives you answers on plain paper tape, with printout that is clear and legible.

An easy-to-read 10-digit display in bright, fluorescent blue.

A live memory for storing or accumulating inputs and calculated results.

And comes complete with rechargeable NiCd batteries so you can use it inside a plane, train, wherever you do business.

Canon PalmPrinter.

Another fine addition in Canon's quality line of calculators.

To help you along on your road to success.

JUST OUT.



CANON PALMPRINTER.
The lightest, most compact
portable printer/display ever.
In a convenient traveling size.

Where quality is the constant factor.

Canon
ELECTRONIC CALCULATORS

Canon USA, Inc. / 10 Nevada Drive, Lake Success, New York 11042 • 5380 Peachtree Industrial Blvd., Norcross, Georgia 30071
140 Industrial Drive, Elmhurst, Illinois 60120 • 123 Paulina Avenue East, Costa Mesa, California 92626

© 1979 Canon U.S.A., Inc.



POLITICAL CONSULTANTS:

The Pacesetters for

By Vernon Louviere



Candidates rely heavily on telephone specialists for everything from raising money to fashioning policy.



Political strategists muster every available resource—from grass-roots soundings to psychological testing—to win voters for their clients. The price tag for a major campaign can run into millions of dollars.

DURING HIS CAMPAIGN for the presidency, Jimmy Carter frequently appeared in television commercials wearing work clothes and walking through his peanut fields, discussing political issues.

This setting changed abruptly three weeks before the election. Mr. Carter, who was slipping in the polls, began popping up on the TV screen in a business suit and tie.

Meanwhile, President Ford's television campaign also changed direction. Early in his bid to win the 1976 election, his TV commercials focused on the institution of the presidency. In the waning weeks of the campaign, Gerald Ford the man became the focal point. The macho image emerged. Mr. Ford, his tie loosened, was shown talk-

ing with farmers, printers, and construction workers.

Behind the scenes in this marketing of the candidates was a battery of high-powered experts—the political consultants, whose decisions could virtually determine the nation's choice of the next president of the United States.

Party structure

Political consultancy, a multi-million-dollar business, is relatively new to politics, its advent and growth measured through the increasing use of television by those seeking office at every level of government.

In some respects, the political consultant and television have diminished the influence of the political party. Through TV the candidate takes his

Candidates in the Running

cause directly to the people, relying less and less on party structure to win support.

This new trend in political campaigning is not without critics who claim that consultants rely on polls, scientific surveys of every sort, telephone soliciting, and even psychological testing to find out what the voters want and then tailor the campaign and the candidate to satisfy those desires.

A well-packaged political campaign is a full-fledged business enterprise employing lawyers, accountants, advertising specialists, computer scientists, market researchers, and demographers. Consultants are hired to run the whole show or special parts of it. Fees sometimes run into hundreds of thousands of dollars.

Finest hour

In Louisiana's last gubernatorial campaign, the political consultant enjoyed his finest hour. The six major candidates spent an estimated \$20 million in the primaries, or about \$10 per registered vote. The bulk of this money went to TV promotion, planned and executed by consultants, some brought in from New York and Washington, D.C. David Treen, who emerged as the first Republican governor since Reconstruction, spent more than \$2 million in the primary alone.

"Louisiana taught me some things about politics I never knew existed," says Stuart Spencer, who helped steer the Treen campaign to victory. "One of the primary candidates laid out more than \$2 million and wound up with only ten percent of the vote." Mr. Spencer of Los Angeles has consulted for clients such as the late Gov. Nelson Rockefeller of New York, former Gov. Ronald Reagan of California, and former President Ford.

Why does a politician seek the services of a consultant?

"Money and the technical aspects of today's campaigns have become so big

that you have to have people who have been through it before and know how to run this kind of business," says Douglas L. Bailey, president of Bailey, Deardourff & Associates, Inc., Washington, D.C. "Today, anybody running a statewide campaign or running for president knows that he needs this outside expertise."

State secret

His firm is handling the campaign of Sen. Howard Baker (R-Tenn.), one of ten Republicans seeking the presidential nomination. Ten of the 18 present Republican governors used its services.

While some consultants' fees are a state secret, Mr. Bailey and his associate, John D. Deardourff, publicize theirs. In a statewide campaign they charge a planning fee of \$20,000 to \$25,000 and receive the standard 15 percent commission for placing the advertising. The two partners each charge \$750 a day for individual consulting, plus expenses.

John Marttila, a Boston consultant, helped Kevin White become mayor of Boston, but failed to win the Democratic presidential nomination in 1976 for Rep. Morris Udall (D-Ariz.). He says of his profession: "Television, not consulting, is what is changing American politics. Consultants without television would be like the Yankees without Ruth and Gehrig."

Least interested

James Callaway, president of Holland & Callaway Advertising, Inc., New York, also depends on television to promote his political clients. He aims at influencing the people who are the least interested in politics, but can be counted on to vote on election day.

"I'm convinced that 45 percent of the people will vote one way and 45 percent the other way," he explains. "So that leaves ten percent who can be reached by television."

Mr. Callaway is a specialist in 30-



Boston political adviser John Marttila says television, not consulting, is changing American politics.

second spot commercials. These, he says, have an intrusion advantage that longer political announcements lack. He explains:

"My job is to articulate in 30 seconds what the candidate is trying to say in his total campaign, and this is intruded in the middle of a regular television program. The only people who will watch 30 minutes of Jimmy Carter are already for him or dead set against him. They'll watch *Happy Days* instead, so that's where I put my 30 seconds—in the middle of *Happy Days*."

Because of the complexities of a modern political campaign, further complicated by spending limits and other legal requirements, a candidate will be hard pressed both to supervise his political organization and spend



Consultant James Callaway focuses on people who can be counted on to vote on election day.

the endless hours needed to woo votes.

"Most candidates don't really understand the day-to-day operations of a campaign, and they ought to be out campaigning, not worrying about daily problems," says Lyn Nofziger of Integrated Communications Systems, Inc., in Los Angeles. "That's where a consultant can prove his worth."

Mr. Nofziger, who was active in Gov. Reagan's election in 1966 and advised him in his attempt to win the Republican presidential nomination in 1976, says there are more candidates who need consultants than there are consultants to serve them.

Ignored advice and lost

Even so, not all candidates accept all the advice of their consultants. In 1974, for example, Mr. Nofziger represented Republican Leo Thorsness, a returned Vietnam prisoner of war who ran unsuccessfully for the South Dakota seat held by Sen. George McGovern.

"I told Leo not to run as a POW because everyone knew he was a POW," Mr. Nofziger recalls. "But his people ignored that advice, and he lost. I am convinced that if Leo had stuck to the issues and made McGovern his target, he would have won."

Mr. Marttila of Boston recounts a similar experience.

Going into the Democratic presidential primary in Wisconsin in 1976, Rep. Udall trailed Jimmy Carter by four percentage points. A week before the voting, there were signs the Arizona Democrat was moving up on front-run-

ner Carter. But the Udall campaign was slipping deeper into the red, and the managers decided to save \$25,000 by canceling a last-minute statewide television blitz.

"I argued strongly that we spend the money even though my own agency was on the tab for about \$100,000," Mr. Marttila recalls. "But I was outvoted. We would have won Wisconsin if the TV campaign had gone on. I think even the Carter people would agree we would have won."

On the night of the Wisconsin primary, Rep. Udall was the apparent winner until 2 a.m. Late returns gave Mr. Carter a one percent edge of fewer than 5,000 votes.

More scientific

Herbert E. Alexander, director of the Citizens' Research Foundation at the University of Southern California and author of several books on presidential campaigns, has studied the expanding role of the consultant.

"Campaigning is getting more specific, more scientific," he says. "Consultants and managers are being hired to do a more professional job."

"Candidates don't campaign off the top of their heads the way they used to do. They need organization. They need people to pull together survey data and public opinion testing, help with fundraising, organize advertising and telephone banks, and tap support at the grass-roots level."

Mr. Alexander agrees that political parties have surrendered some of their functions to consultants.

"In the past, party leaders had their proverbial ears to the ground and could tell what the voters were thinking," he says. "Now this is accomplished with scientific surveys, and that's where the consultant enters the picture."

No second place

A pioneer consultant, Paul M. Newman of Edmonds, Wash., says objectivity is one of the most important ingredients a consultant can inject into a political contest.

"You know you have suffered losses, and you weren't killed by those losses," he says. "So you don't have that fear of losing. The candidate, on the other hand, is involved in the most emotional experience of his life. There is no second place in politics; you must win."

Mr. Newman has represented many governors, senators, and representatives, including Sen. Orrin Hatch (R-

Utah) and Sen. Donald W. Riegle, Jr., (D-Mich.), who was a Republican in the 1966 and 1968 House elections and switched parties in 1973.

"I'm not talking voting records or performance," Mr. Newman says. "It's what they're like on the political stump. Both Hatch and Riegle have an absolute nuclear fire burning in their bellies. They want to win so badly that they never lack energy. You want that in a candidate. If a candidate is anything less than a salmon swimming upstream, he won't make it."

"Another quality Hatch and Riegle share is resilient morale. Sooner or later, every candidate is going to get a setback. The money isn't coming in. A county chairman quits. The newspapers drop a bad story on you. Well, these two guys will come right up from the floor and start battling again. They have an ability to project confidence, and that is essential."

Mr. Newman is not sure that everybody who calls himself a consultant is one. "There was a time when every hooker was calling herself a model, and the models resented it," he points out. "We who call ourselves professional consultants share that problem."

Avoiding mistakes

Mr. Spencer, the Los Angeles consultant, is convinced that his greatest contribution to a successful campaign is to keep the candidate from making mistakes.

"We who have worked many campaigns have experienced most of the mistakes, so we are fairly adept at avoiding them," he says. "Helping the candidate sidestep the pitfalls is a prime role of the consultant."

Mr. Spencer, who has been involved in hundreds of campaigns since 1960, acknowledges that senators and congressmen running for higher office are usually the most difficult clients—"they have all the answers." But no candidate has been easier to work with than Ronald Reagan, he says.

"Gov. Reagan spent an entire career in the movies where he was always under direction," Mr. Spencer says. "He is no different in politics. He accepts direction."

Party boss fading

Most consultants agree that while the old party boss is fading from power, a man like Jim Farley, who managed President Roosevelt's successful campaigns, would fit into today's politics.

"The only condition is that the Far-

Why Phil and Robbie Hudson use a Pitney Bowes postage meter to mail as few as seven letters a day.

Walk into the Jet Janitorial Supply Company in historic Camden, South Carolina and you'll spot it right away. Cheek-by-jowl alongside the mops and brooms is a Pitney Bowes Touchmatic® postage meter. And thereby hangs a tale.

When Robbie and Phil Hudson began operating the business three years ago, they didn't have a postage meter. Robbie, who runs the office, recalls the frustration of using stamps in a hot, humid climate. "Stamps were a real hassle. Many times they'd stick together or come unglued. Some of our mail even came back. And when we ran out of the right stamps, we'd have to put on too much postage."

Since the Hudsons got their meter they wonder how they ever got along without it.

To Robbie, "the meter is super convenient! It's faster than stamps. And we're able to cut down on trips to the post office. What's more, you can't lose, tear or misplace a meter stamp. And when postage rates change, we don't have to fuss around with those little one-cent stamps."

Phil, who handles the ordering and selling, points out that "while seven or ten letters a day doesn't sound like much, they can add up to a real bother when you're busy trying to do ten other things at once." He also likes the way the meter stamp makes their mail look more professional. "I wonder what people thought of our operation before we had the postage meter."

Phil is currently devising his own little ad. And when it's ready, the meter will imprint it on all Jet Janitorial's mail, right next to the meter stamp.

Robbie and Phil have worked hard to build up their business to what it is today. The addition of their postage meter is "in our minds, one way of saying we're here to stay." No matter how big or small your business is, Pitney Bowes offers a lot of advantages.



For more information, fill out this coupon and mail to us, or call toll free any time (except Alaska and Hawaii) **800 621-5199** (in Illinois **800 972-5855**).

Pitney Bowes
1367 Pacific Street, Stamford, Conn. 06904

Name _____
Title _____
Company _____
Street _____
City _____
State _____ Zip _____
Phone _____

Postage Meters, Mailing Systems, Copiers, Dictating, Labeling and Price Marking Systems



Pitney Bowes

Pitney Bowes proudly supports The United States Postal Service's National Letter Writing Week February 24 through March 1.

Voter Appeal

What are the most helpful qualifications an aspiring office-seeker should possess?

California political consultants Herbert M. Baus and William B. Ross answer that question in their book, *Politics Battle Plan*. The qualifications are:

Charisma
Acumen
Nerve
Desire
Integrity
Derring-do
Arithmetic
Telepathy
Experience

leys of yesterday would have to accept the role of television in a modern campaign," Mr. Spencer says.

In this context, he says, some presidential campaign strategies formulated decades ago can be effective today. Before launching President Ford's campaign in 1975, Mr. Spencer studied a plan drafted by Clark Clifford, adviser to several Democratic presidents, to elect President Truman in 1948.

"It was a helluva plan," Mr. Spencer recalls. "While the issues were different—a communist under every bed—the components were there. Jim Farley, Leonard Hall [a veteran strategist in the Republican party], and the oth-

ers could function today because they knew the art of politics. They could adjust."

Herbert Alexander agrees. "These men were not as scientific as campaign managers are today, but they knew politics. They knew the right people around the country. They stayed in touch. I am sure they could work with this pseudoscience that is so much a part of contemporary political campaigning."

A classic case of how this pseudoscience turned a major election around occurred in 1970 when William E. Brock (R-Tenn.) challenged Sen. Albert Gore (D-Tenn.), who appeared unbeatable.

Top specialist hired

Sen. Gore was an old-time politician. He did not believe in polls. He declined to hire a public relations consultant. Rep. Brock retained Harry Treleven of New York, one of the top political advertising specialists in the country. He also hired Cambridge Opinion Studies, Inc., New York, a leading pollster.

The organizational structure of the Brock campaign resembled that of a major corporation. There were a speakers' bureau, a truth squad, district coordinators, young volunteers for Brock, an opponent research staff, a ballot security force, and committees of farmers, Rotarians, lawyers, doctors, Democrats, mayors, cooks, and even "walking-horse people" so as not to overlook a popular Tennessee outdoor sport.

Mr. Brock, who is now chairman of the Republican National Committee, won the election.

Robert Agranoff, director of the Center for Governmental Studies at Northern Illinois University, describes what is happening in American politics in a chapter he wrote for the book, *Parties and Elections in an Anti-Party Age*:

"Changes in the habits of the American voters, the rapid growth in the size of constituencies, new means of communication, and the application of new technologies have caused a virtual revolution in campaigning, which in turn is accelerating the change in the entire political fabric of America."

Among these new means, of course, is the political consultant.

As a television consultant, Mr. Bailey looks for those qualities in a candidate "that are genuine and would be popular if communicated," rather than forcing a candidate to try to exhibit popular personal qualities.

Emphasize strengths

For example, he says, "Richard Nixon would never have become president if they had tried to sell him as an honest man. It flew in the face of public opinion."

"Rather they went to another element of the man—his competence. People did believe in Nixon's competence. His TV advertising never tried to create a false image of the man. You play down the weaknesses and emphasize the strengths."

Most consultants work closely with candidates; the relationship is usually like that of a lawyer and client. All business. Some become close friends, like Gov. Reagan and Mr. Nofziger.

Mr. Nofziger, who logged thousands of miles of plane travel with Gov. Reagan, recalls the end of a long day of campaigning in 1966 when they were flying back to Sacramento, Calif.

"I settled into a seat next to the governor and the stewardess came around taking drink orders," he relates. "Across the aisle was a reporter Gov. Reagan particularly disliked. 'You know, Lyn,' he said, 'I'd like a split of champagne, but I know that SOB across the aisle will write that I'm a sissy.' So he ordered a vodka tonic, which he seldom drank."

"A few minutes later the stewardess returned and handed the reporter a split of champagne." □

PHOTO: DENNIS BRACE—BLACK STAR



Gerald Rafshoon, who is serving as media adviser to President Carter in his bid for reelection, has been associated with Mr. Carter since 1966 when he made an unsuccessful run for the governorship of Georgia.



To order reprints of this article, see page 72.

Gas Insulation Makes Power Station Compact



This maze is the world's first 765,000-volt electric power transmission station. It is smaller than conventional facilities because of gas insulation.

The American Electric Power System has put into operation the world's first 765,000-volt, gas-insulated transmission station. The Joshua Falls station in Lynchburg, Va., occupies less than 15 percent of the land and requires only 20 percent of the height needed for conventional stations of the same capability.

The new station, owned and operated by Appalachian Power Co., is the eastern terminus of American's six-state, 765,000-volt network, the highest voltage and capacity electric power delivery system in operation in the United States, according to a company spokesman.

The station is connected to the network's transmission grid via a new 57-mile, 765,000-volt line from a station in Roanoke, Va.

The Joshua Falls station provides Lynchburg with a new power source; the city now has two 138,000-volt lines running through the area. A third line of that voltage is scheduled for service in June.

Besides reducing land requirements, the smaller station, which uses sulfur hexafluoride rather than air to insulate the power lines, can more easily be disguised by natural foliage and hills.

Larry Laskowski, Joshua Falls proj-

ect manager, says it "will set the trends in station design for the next decade.

"Application of this technology opens up a variety of site options that we didn't have before. It proves that we can meet the growing demand for electric energy in an environmentally attractive way."

Joshua Falls is a joint project of American Electric Power and the equipment manufacturer, Cogenel Inc., the U.S. representative of Delle Alsthon of France.

Commercial Sales to Lead 1980 Aerospace Market

For the first time since the defense buildup prior to World War II, America's aerospace industry expects to sell a majority of its products and services in the commercial sector.

Karl G. Harr, Jr., president of the Aerospace Industries Association, Washington, D.C., says that in 1970 defense business accounted for roughly two thirds of all sales. But, he adds, "while the level of military business increased during the 1970s, commercial sales have increased far more rapidly."

Commercial and military sales were

about the same in 1979—\$17.6 billion for defense and \$17.3 for commercial. Dr. Harr predicts \$20.2 billion in commercial aircraft sales this year, mostly jetliners, compared with \$17.4 billion in military sales.

The association president reports that in 1979 the industry hit a record \$45.5 billion in total sales of planes, helicopters, and parts, up from \$37.4 billion in 1978; employed 1,120,000 people, up for the second consecutive year; and had a net export balance of \$10.1 billion.

Machines Will Talk More in the 1980s

Annual expenditures on electronic mail services and equipment, now running about \$1 billion, will approach \$5 billion by 1989.

This forecast comes from International Resource Development, Inc., a research and consulting firm in Norwalk, Conn., which says: "Although the field will probably be dominated by the large firms, at least 50 other suppliers are expected to be active in more than a dozen specialty niches."

It predicts that a new function will be available by 1981—electronic mail into the home. Together with more traditional uses, this new use will boost total expenditures to \$4.67 billion annually by 1989.

The firm adds that a competitor to electronic mail—the U.S. Postal Service—may itself eventually account for one quarter of the electronic mail business.

The trend in electronic mail is away from voice towards more structured types of communications, says the research firm. Developments that will boost the popularity of electronic mail include high-speed printers to decipher messages bounced off earth-circling satellites and communicating versions of the office copier, typewriter, and telephone. The phone may even have print-outs similar to those produced by calculators.

These new or improved devices will supplant even the fastest business fac-

simile unit. Says researcher Linda J. Shine: "Eventually, the facsimile transceiver will suffer the same fate as the collator—facsimile capability to send a typed sheet of information to a distant office will become merely a feature of an office copier."

In short, machines will do more of the talking.

Winglets Cut Drag and Save Fuel

It looks odd to turn up a plane's wingtips, but such a nontraditional bend can save substantial amounts of fuel.

Working with the National Aeronautics and Space Administration, the Air Force is flight testing nine-foot, 200-pound winglets on a Boeing-built KC-135 aerial tanker. The winglets are expected to reduce total drag at cruising speed by about eight percent as well as increase the plane's rate of climb.

David Selegan, program manager at the Flight Dynamics Laboratory at Wright-Patterson AFB in Ohio says: "This drag reduction translates into an

estimated annual fuel savings for the KC-135 series of 45 million gallons based on 1975 use rates."

Mr. Selegan says winglets are a timely and important new technological advance. "By the time we finish flight testing, we will have defined winglet technology enough to use it on a production program for the KC-135 and even apply it to other aircraft."

If the Air Force decides to retrofit the tanker fleet with winglets—a four-year program—Mr. Selegan says the entire cost could be recouped by fuel savings before the last aircraft is modified.

Metal Whiskers Cut Voltage Loss and Heat

Making electrical brushes out of metal fibers instead of conventional graphite or its compounds can reduce voltage loss and heat in new high-speed electric motors and generators, according to scientists at the University of Virginia.

A university project funded by the Office of Naval Research developed the new technique, which uses metal velvets—hundreds of metal whiskers

thinner than human hair, separated by similarly small distances, and embedded in metal backing.

Laboratory tests show that the metal velvet electrical brushes have extremely low voltage loss at high rotor speeds, maintain excellent contact with the rotating part of the motor or generator, and produce negligible noise or static in radios.

The flexible metal fibers allow the brushes to maintain good contact with the surface of a rotor with a minimum of pressure and friction. The resulting coolness makes the brushes suitable for use in superconducting motor systems that require extremely low temperatures.

Fewer New Jobs As 1980 Begins

"There is a strong cautionary attitude among the nation's employers toward creating new jobs, but little or no evidence that total employment will shrink during the coming months," says Mitchell S. Fromstein, president of Manpower, Inc., a temporary help firm. The firm's quarterly survey

The Decision's Made!

It's



Oklahoma's in both the sun belt and the nation's center. We have vast deposits of coal, plus natural gas, electric power and oil. Most important, we have the greatest energy asset of all—productive elbow grease from people who appreciate a good job. Let us send you names of important national industries who recently started Oklahoma plants.

For further information, contact

Director, Industrial Division, Oklahoma Industrial Development Department
Suite 314, P.O. Box 53424, State Capital Station • Oklahoma City, OK 73152



The Profitable
Place To Be

NEVER GIVE UP PAYING SALESMEN'S MILEAGE...

UNLESS:

Unless you can check all of the following statements:

- ☐ 1. I'd like to cut my expenses for every car as much as \$500 a year – getting almost everything virtually at wholesale.
- ☐ 2. I'd like to see my salesmen making even more calls, sales, and profits—for both of us. So I'd like their cars in for repairs less often, and when they are in, I'd like them out faster.
- ☐ 3. I'd like to improve my salesmen's morale and my company's image by providing my salesmen with new and better cars more often without cost to them.
- ☐ 4. I'd like independent experts in fleet management to take care of my fleet administrative work.

WHEELS inc. and associated companies
6200 N. Western Ave., Chicago, Ill. 60659 Dept. NB20

Please give me further information on each of the statements above, and tell me additional ways my company could save money and time through fleet leasing from Wheels.

We operate _____ Cars; _____ Trucks

☐ Leased ☐ Co. Owned ☐ Salesmen Owned

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

WHEELS inc.



6200 N. Western Ave., Chicago, Illinois 60659
Leasing Chevrolets and other fine cars and trucks since 1939
Serving over 500 of America's leading corporations



Manufacturers of recreational vehicles expect sales in 1980 to be four percent above last year's, despite the off year expected for automobiles. Setting the pace at 16 percent more sales will be fifth-wheel travel trailers. Total recreational vehicle sales are pegged at 208,600 units.

shows an erosion in new employment opportunities from both one year and one quarter ago, but no appreciable increase in the number of employers planning reductions of staff.

Twenty-one percent of durable goods manufacturers polled expect to hire additional workers, down from 25 percent one quarter ago and 31 percent a year ago.

Only 17 percent of nondurable goods manufacturers plan new hiring, compared with 25 percent one year ago and 21 percent a quarter ago.

Wholesale and retail merchants forecast seasonally reduced employment; 13 percent expect to hire additional workers, down from 16 percent a year ago.

The building trades show a seasonal decline in new hiring, and a sharp decline is expected in the finance, real estate, and insurance fields.

Employers in mining, public administration, and the services sector report hiring plans on a par with those recorded a year ago.

1980 Rebound Forecast for Recreational Vehicles

After one of the industry's worst years, recreational vehicle shipments are expected to be up four percent in 1980, according to the Recreation Ve-

hicle Industry Association. "We are expecting to rebound slightly this year despite our country's continuing money and energy problems," says John Agno, chairman of the association's market analysis committee. "And we're extremely bullish about the industry's long-range outlook."

The industry is counting on downsized units that will require less gasoline to boost sales. These units will have lightweight metal frames instead of wood and changes in configuration and aerodynamic design.

The association puts the total number of vehicles to be shipped in 1980 at 208,600, not including multi-use vehicles (van conversions, pickup trucks, and specialty vehicles). Projected year-end totals for 1979 were 200,800.

"Money is the major problem right now," Mr. Agno says. "High interest rates drive up costs, squeeze dealer profits, and cause problems for manufacturers and consumers as well."

"But it looks like the money situation is improving. We think the economy will be in much better shape by the second quarter of 1980, and we're looking forward to a good spring market for the industry."

According to the association, the sales of towable recreational vehicles are expected to improve by six percent. Sales of motor homes will likely be unchanged from 1979.

Millionth Moped Will Hit the Road Soon

Small wonder that the two-wheeled motorized vehicle commonly known as a moped is becoming so familiar these days: By the end of next month, at least one million will be cruising American roads.

At the beginning of 1975, there were fewer than 50,000 mopeds in America. They originated and now flourish in Europe where there are more than 15 million in France alone.

In 1980, at least 385,000 mopeds are expected to be sold in the United States, a ten percent jump over last year when American firms accounted for about one quarter of all units sold. The average selling price this year will be roughly \$575, up from about \$530 in 1979.

Most dealers have trimmed inventories and anticipate healthy sales. The moped is not marketed as a replacement for the automobile, but as a transportation supplement.

"As long as it remains an energy ace in the hole, sales are virtually assured," says a spokesman for the Moped Association of America.

The Murray Ohio Manufacturing Co., Brentwood, Tenn., has joined two other firms in manufacturing mopeds, AMF, Inc., and Columbia Manufacturing Co. "This is a real boom to the domestic industry," says the association spokesman.

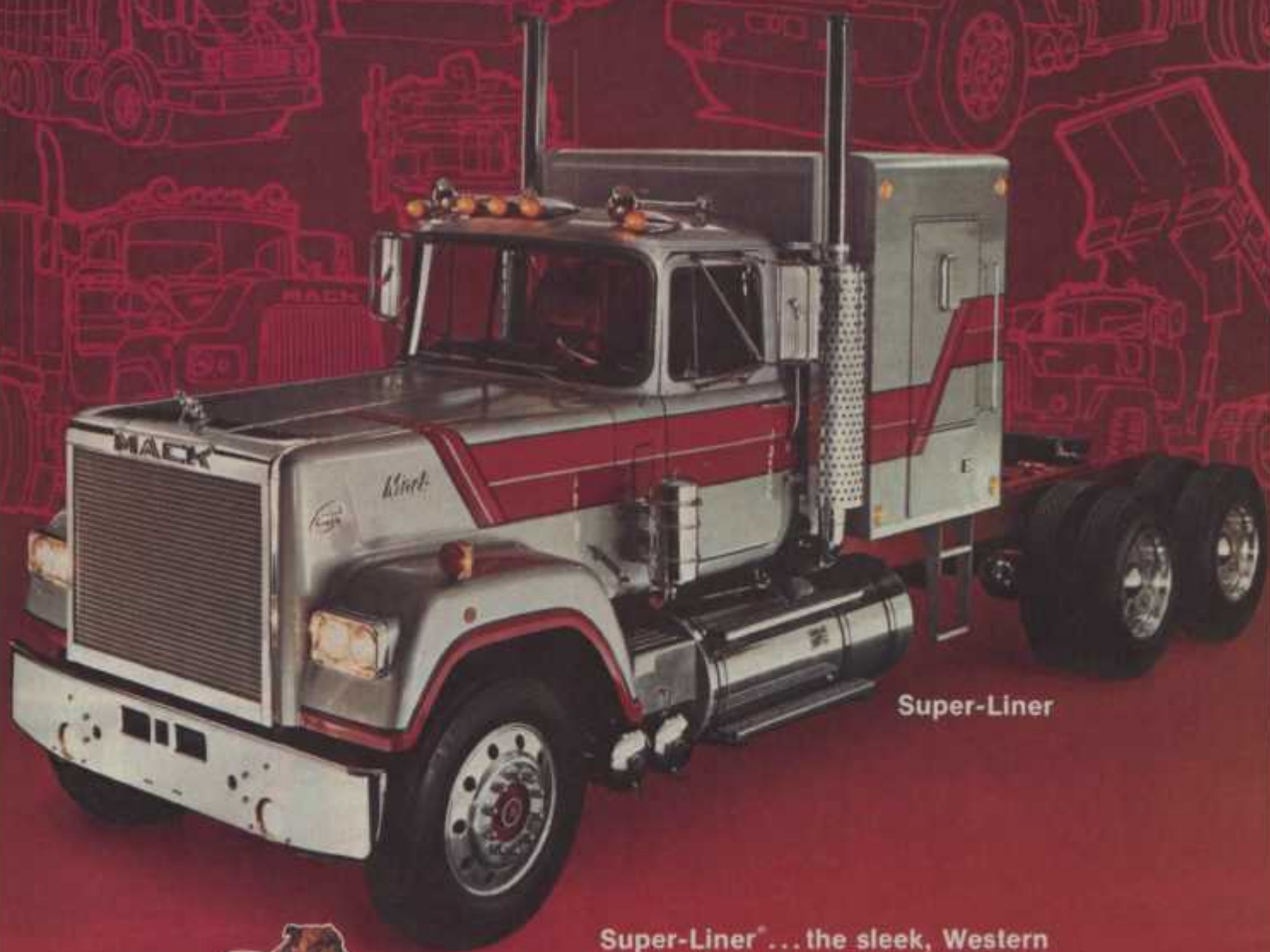
Nuclear Power Doubts Slow Uranium Mining

Nuclear energy's uncertain future is affecting a variety of businesses that produce the atomic fuel for electric generating stations.


Industry sources report a slowdown in uranium exploration and mining. Some firms are reassessing planned mining projects. And at least one major petroleum company has been turned off altogether to uranium operations.

"Companies are very hesitant to invest in something that may or may not be needed in the future," says Herbert Weed, vice president for acquisitions in the uranium division of Anaconda Co., an Atlantic Richfield subsidiary. Anaconda is among the nation's largest uranium producers. Between 30 and 40 firms are either active or potential suppliers of uranium for the nuclear fuel cycle.

continued on page 44B




Super-Liner



MACK
Always
the Leader.

Super-Liner®... the sleek, Western conventional that's taking America by storm.

Across the country, people are beginning to take notice of Super-Liner and realize that Mack has built the ultimate in a heavy-duty truck. Super-Liner offers more standard equipment than ever before, with the functional, yet stylish comfort that increases both driver satisfaction and driver control. Super-Liner's design is clean and eye-catching, with no exterior protrusions for top fuel efficiency and minimal air noise. Yet Super-Liner's sleek shape can still accommodate the high horsepower diesel engines and the radiators to cool them. That means all the power and strength you could ever need, with all the good looks you could ever want, built to last the way you know only a Mack truck will. Mack Super-Liner — showing what leadership is all about.

Mack Trucks, Inc. One of The Signal Companies 

Economy is no idle promise with Fuller Roadranger transmissions.

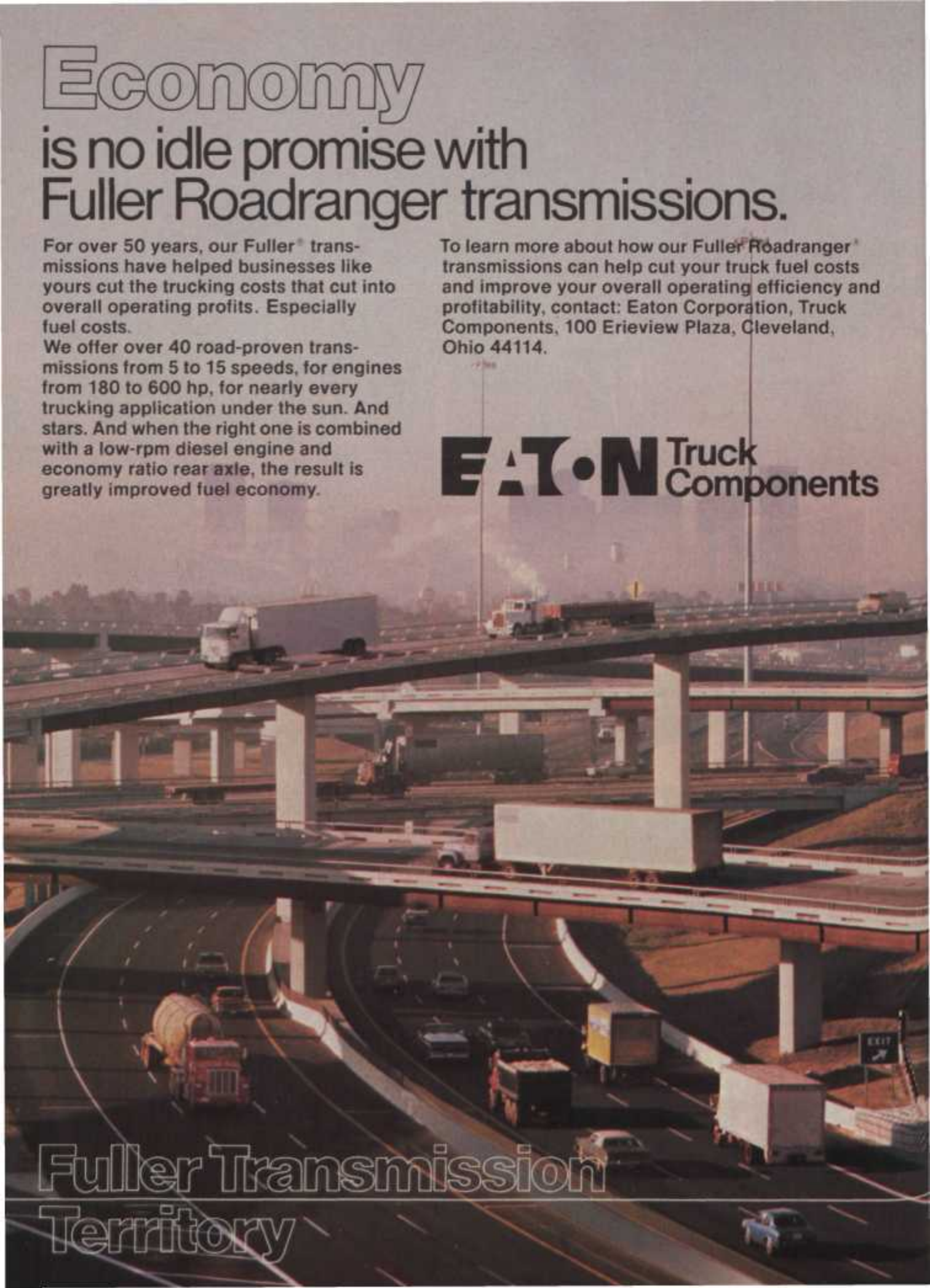
For over 50 years, our Fuller® transmissions have helped businesses like yours cut the trucking costs that cut into overall operating profits. Especially fuel costs.

We offer over 40 road-proven transmissions from 5 to 15 speeds, for engines from 180 to 600 hp, for nearly every trucking application under the sun. And stars. And when the right one is combined with a low-rpm diesel engine and economy ratio rear axle, the result is greatly improved fuel economy.

To learn more about how our Fuller Roadranger® transmissions can help cut your truck fuel costs and improve your overall operating efficiency and profitability, contact: Eaton Corporation, Truck Components, 100 Erieview Plaza, Cleveland, Ohio 44114.

EAT•N Truck
Components

Fuller Transmission
Territory



Can the Aging Tax System Find a Fountain of Youth?

In an election year, Congress tables the hard questions like VAT and looks to a windfall levy on oil profits

By Michael Thoryn

THE FEDERAL INCOME TAX hit 65 last year, but shows no signs of retiring. Instead, the ever more-complicated tax code that generated about \$500 billion in 1979 will be restructured in the 1980s, perhaps even revitalized, but unhappily not much simplified.

Back in the 19th century, customs and excise taxes were enough to finance the federal government. The initial income tax rate in 1914 was one percent. Today, however, the bite on corporate and individual pockets can take a substantial majority of income, and the Internal Revenue Service uses more than 100 forms to administer a crazy quilt of incentives, exemptions, credits, and various forms of tax.

Says Rep. Al Ullman (D-Oregon), chairman of the tax-writing House Ways and Means Committee: "There is no way we can get through the next decade, restore U.S. productivity, again become competitive in international markets, and return to world leadership unless we make some fundamental changes in the tax system."

Muscle-bound system

The congressman is working on a refined version of a comprehensive tax bill that would incorporate a controversial levy on consumption, the value-added tax. His proposals stand little chance of a serious vote before 1981—congressional response has been tepid—but the chairman feels he must kick off a national dialogue.

"In recent years we have improved standards of tax fairness and equity. We have accommodated shifting eco-



A major goal of business is passage of capital cost recovery legislation that would increase investment in new plant and equipment to boost productivity.

nomic and social demands. But the fundamental structure of the system—heavy reliance on income and payroll taxes—has become muscle-bound and unresponsive to recent economic trends," he says.

"We don't have to look much beyond our noses to see that traditional responses—the quick-fix tax cut, shotgunning tax credits, indexing—no longer carry much punch," the congressman muses.

"By now we've learned that chipping away at the tax code won't solve today's economic troubles."

Donald C. Alexander, who headed the Internal Revenue Service from 1973 to 1977, says the U.S. tax system is close to the breaking point. "We have loaded so many programs onto the tax system that it is difficult for the public to understand, respect, and comply with and extremely difficult for the IRS to administer."

Putting items such as a refundable tax credit into the revenue code makes the IRS less capable of doing its job, he says. "It's a grant masquerading as a tax."

Adds Daniel F. Kruger, a partner at

the Peat, Marwick, Mitchell & Co. accounting firm: "Pressure on the tax system is incredible. It is supposed to raise revenue and at the same time encourage capital formation, higher education, and energy conservation while discouraging windfall profits—a zillion social purposes."

Many unanswered questions

The long-term debate about VAT and tax restructuring is only one of the difficult decisions facing a Congress reluctant to enact medicinal measures in an election year.

Other questions include:

- Where will the money come from to finance social security shortfalls? Should general tax revenues, increased payroll taxes, or proceeds from a VAT or a windfall profits tax on oil companies be used?

- Will the public stand for the 0.5 percent payroll tax increase scheduled for 1981 that will claw hundreds of dollars a year from take-home pay?

- Should simple accelerated depreciation schedules be enacted to help pay for new plant and equipment made more expensive by inflation?

- Will a tax cut, expected as good politics during the 1980 election campaign, merely fuel inflation? And if there is a cut, should the historic two-thirds individual, one-third business split be tilted closer to 50-50?

National sales tax

The VAT concept has barely cracked the public consciousness, even after many years of sporadic discussion and study, mainly by academics and consultants. A shift to VAT would be the most dramatic change in tax policy ever, and Congress, with few acknowl-



Rep. James R. Jones (D-Okla.), who bikes to work to stay within his budget, wants to limit federal spending to 20 percent of gross national product. He is a prime sponsor of a bill to simplify accelerated depreciation.

edged tax experts, is extremely leery of quick action on such a turnabout.

In essence, VAT resembles a national sales tax added at each stage of production and distribution. Tax collectors identify VAT as a percentage of value added, a tax on the difference between the selling price and the cost of materials purchased.

For example, with a ten percent VAT, sale of iron ore by a mine to a steel mill for \$10 would result in \$1 of tax. If the mill makes steel and sells it to an automaker for \$20, another dollar of VAT would result—ten percent of the \$10 that the mill added to the value of the product. If the automaker then uses the steel to produce an automobile part sold to a dealer for \$30, another dollar of tax would apply to the \$10 of value added at this stage. Finally, if the dealer sold the part to a customer for \$50, the dealer's added value of \$20 would result in another \$2 of VAT. The total tax would be \$5 or ten percent of the final selling price, but it would be collected in stages as each business added value to the product.

The mine, mill, automaker, and dealer each take a credit for any VAT paid on purchases and remit the net amount to the government. If the business pays more VAT than it collects during the period, it receives a refund or credit. Only Joe Public is not entitled to a rebate for VAT paid.

Rep. Ullman's initial vision of a national VAT encompasses cuts of \$52 billion in social security taxes and \$78

Everyman's Tax Credit

Homeowners are happy with their energy conservation credit.

Business enjoys its investment tax credit.

Do people who lose weight or stop smoking deserve a 50 percent tax credit up to \$150?

Rep. Dan Quayle (R-Ind.) thinks so. "By encouraging Americans to take these positive actions, we are cutting our insurance bills, preventing our nation's medical bills from escalating, and most importantly, preserving our greatest national resource—

our health," the congressman says.

Healthy workers may pay more taxes than the unhealthy, but Treasury Secretary William Miller objects to the increasing use of tax credits like Rep. Quayle's proposal.

"The federal government has to be cautious about expenditures financed by tax credits. The trend is for every new idea to go through Congress as a tax credit because it doesn't have to go through the budget process," the Secretary says. "We have to get a handle on it."

billion in individual and corporate income taxes. These massive sums would be recovered by a ten percent VAT on goods and services. Included in the package is a cut in the top corporate tax rate to 36 percent and a reduction of the maximum personal tax bracket to 50 percent. Necessities such as food, medical supplies, and housing would carry a lower rate.

The nonprofit Tax Council in Washington, D. C., has examined VAT in detail: "It is one possible but not the only way to redress the existing tax penalty on capital," the council says. "Such a tax could result in less destruction of capital and individual initiative than present arrangements. On these grounds alone, VAT deserves serious consideration."

That is about the strongest endorsement of VAT to be found. U. S. firms large and small are still tallying the numbers to determine whether VAT would help or hurt their bottom line.

Substantial risk

A study by the Chamber of Commerce of the United States is firm on one point: VAT should be used only as a substitute for existing taxes, not as a new revenue source. Kenneth D. Simonson, a tax economist at the Chamber, says: "There is substantial risk that VAT would raise such large amounts of additional revenue that an undesirable expansion of the federal government would result."

Rep. Barber B. Conable, Jr. (R.-N. Y.), ranking Republican on the House Ways and Means Committee, opposes VAT because he fears it is likely to spawn new programs. The legislative process "will make mincemeat of a simple VAT structure, winding up with many exemptions and administrative complexities," he warns.

"Once in place, a VAT could be raised every year," notes Mr. Kruger of Peat, Marwick.

No recovery for consumers

Although Rep. Ullman does want his consumption tax to substitute for other taxes, it hits hardest at lower and middle-income taxpayers. Says one stern critic: "VAT is an obvious and blatant mechanism to rip off the ultimate consumer. Everybody along the line except the consumer has a way to recover the tax."

VAT's changes will be years in coming if they arrive at all. Closer to reality in Congress are various schemes to aid business capital formation through capital cost recovery. For the general



Rep. Al Ullman (D.-Oregon) and Sen. Russell Long (D.-La.), leading tax experts in Congress, argue that a U. S.-style value-added tax could ease the nation's productivity pinch. Rep. Ullman says fundamental tax changes are needed now.

public it's not a riveting subject. Richard W. Rahn, new chief economist for the U. S. Chamber, says: "There is very little sex appeal in capital formation. Capital formation could probably be marketed against Sominex as a sleep-inducer."

Basically, Dr. Rahn explains, capital formation is the accumulation of savings and its productive investment. "It involves making the decision between consuming today or saving today for the needs of tomorrow. Savings put to work in the form of productive capital investment means growth in productivity and in employment."

William S. Sneath, chairman of Union Carbide Corp., points out: "Tax policies that encourage investment in new plants and equipment do not benefit business alone. Increasing productivity permits wages to rise faster than prices and creates more wealth, new jobs, and new markets for American goods and services."

With those goals in mind, business groups are supporting the capital cost recovery bill sponsored by Reps. Conable and James R. Jones (D.-Okla.).

The bill aims to increase deprecia-

tion allowances sharply by ending the time-honored method of capital write-offs based on the useful life of plant and equipment.

Companies would be allowed to depreciate all structures in ten years and equipment in five, except for \$100,000 a year in cars and light trucks, which could be written off in three years. Industries with long-lived assets, such as steel and utility companies, would be helped the most.

Simplifying the system

Rep. Jones says the legislation, dubbed 10-5-3, is a logical followup to cuts in capital gains taxes included in the Revenue Act of 1978.

Edwin S. Cohen, chairman of the U. S. Chamber's taxation committee and a partner in the Covington & Burling law firm, adds that the 10-5-3 system would simplify depreciation calculations. Most small businesses would like 10-5-3, he says, because they find the existing depreciation system too complex to use.

As much as business hopes to establish the accelerated depreciation principle this year, most likely as part of a

PURCHASED
BY OVER 60,000
EXECUTIVES!

A COMPLETE 8-PART COURSE IN EXECUTIVE SELF-DEVELOPMENT.

"EXECUTIVE SEMINARS IN SOUND"
Yours To Try For 15 Days...FREE!

Through these dramatic sound presentations you use your imagination and memory to "soak up" hundreds of guidelines to business success...to master your role as manager...to inspire new confidence in others...to motivate those who work for you...and to enjoy your own success.

Realistic Dramatizations Put You In The Picture. Remember the days of radio drama...where the vivid use of actors and sound effects enlisted the powerful aid of your imagination? You could close your eyes and "see" what was happening and it became indelibly etched in your memory. EXECUTIVE SEMINARS IN SOUND works on exactly the same principle.

Not A Series Of Lectures... The situations and people you will meet are as real as those you encounter every day in business. You'll "sit in" on actual problems as they unfold, listen to how they're mis-handled, and then, through the advantage of "stop motion", a narrator will interrupt the action to point out errors, to explain what went wrong and to show what should have been done.

The Overwhelming Advantage Of Convenience... Cassettes are used on the standard cassette player that can be activated anywhere at anytime. At home during your leisure hours. Beside you as you commute to work. While traveling on a train or plane. Furthermore, they can be shared by

others in your organization...even used for group training sessions.

Executive Seminars In Sound is a unique learning adventure which will enable you to explore, in real life dramatizations, these essential guides to business and management success.



1 Explores the art of communication—talking, writing, listening. How skillful are you as a communicator, compared to the businessmen you'll hear in this cassette?



2 Will help you capture wasted hours, turn them into productive effort so you can truly CONTROL your time.



3 Reveals techniques that master managers use to evaluate facts and minimize risks in decision making.

7 Understand your situation today and know how to set realistic goals for the future through these re-creations of revealing case histories.



4 Dramatizes a wide variety of "people problems" and how they are solved... everything from spotting leaders to settling inter-office conflicts.

8 The personal psychology of how to overcome fears, blind spots and 57 varieties of hang-ups that can rob you of the joy of achievement.



5 Demonstrates how to hand over responsibility to others so you can free yourself for the real job of managing.

The complete 8-part course at only \$85 includes:

- A handsome 11 1/4" x 11 1/2" vinyl cassette binder with a built in pocket for each cassette.
- The complete set of eight cassettes, each one offering 45 to 50 minutes of playing time.
- A Study Guide providing a written synopsis for each cassette, ideal for your personal review, as a reminder of sections you'll want to go back to and listen to again, or for formatting group training sessions in your company.

Executive Seminars In Sound can be yours FREE, for a 15-day audition. By simply filling out and returning the coupon below, you can examine the complete course at home, at the office, at your leisure!



6 Learn the newest techniques for coping with constant changes in your business resulting from growth, competition, economics and government.

**Nation's Business
Executive Seminars Division**

1615 H Street, N.W., Washington, D.C. 20062

YES, I accept your 15-day Audition Offer. Please mail the complete 8-cassette **Executive Seminars In Sound** with study guide. If not thoroughly satisfied, I can return it for full refund of my payment.

☐ Check enclosed for \$85

Bill to my:

☐ BankAmericard ☐ Master Charge* ☐ American Express

No. _____ Expiration Date _____

*If Master Charge, enter 4-digit number above name _____

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

California and District of Columbia residents, add sales tax

NB0280

broader tax cut bill, lawmakers are feeling more pressure to restructure the financing of the social security system.

About 35 million people and their dependents received an estimated \$130 billion in social security, disability, and medicare cash benefits in 1979. When Congress increased social security taxes and cut long-range benefits in 1977, it believed that the cash distribution program would be solvent. But three years later, a sputtering economy and raging inflation have endangered the program's financial soundness.

Coming to grips

There is strong feeling in Congress that the level of payroll taxes—currently 6.13 percent each for employers and employees on the first \$25,900 a year of wages and salary—is only one boost away from public outrage. Because that boost to 6.65 percent—\$1,975.05 on a maximum taxable wage of \$29,700—is due next January, many members are looking at ways to finance a rollback.

"Congress has to come to grips with social security in the early 1980s. We are at the beginning of a demographic shift with fewer young workers to pay for the retirement of their parents," says Michael Romig, who concentrates on social security issues for the U. S. Chamber.

Congress is unlikely to embrace VAT, benefit cuts, or a 50-cents-a-gal-

lon gasoline tax as the answer to social security shortfalls.

Possible but unlikely solutions are financing the medical benefits portion of social security with general tax revenues instead of payroll taxes and establishing universal coverage. That would mean putting eight million federal, state, and local government workers who now have their own retirement systems under social security.

The same inflation that has undermined the value of social security payments has produced windfall tax revenues for the U. S. Treasury.

"Our current tax system was designed for a stable economy with little or no inflation," says George S. Stolberg, head of the tax division of The Fidelity Bank, Philadelphia.

"Although inflation is almost universally regarded as a debilitating morass that has engulfed our economy, the federal government has reaped a bonanza of additional tax revenues because of it."

Mr. Stolberg estimates that for every percentage point of inflation, the government harvests about \$1.5 billion.

It works this way: Inflation pushes salaries into higher tax brackets, which means that workers pay proportionately higher taxes on their increased wages. Rather than adjust the brackets to compensate, Congress has chosen periodic tax cuts, usually during election years. In 1980, a \$20 bil-

lion tax cut would just be giving back what the government got through inflation.

"Completely cosmetic," says Mr. Stolberg. To help individuals or companies, a tax cut would have to be twice that, he concludes. But to complete the circle, tax cuts tend to spur the inflation tax policy-makers are committed to combat.

Oil tax attracts attention

Only occasionally does a tax issue catch national attention. Such was the case with the windfall profits tax to be imposed on oil companies following price decontrol. The formula, enacted after months of debate, dispute, and a minifilibuster, will raise an estimated \$228 billion for a variety of energy-producing and energy-saving programs.

Receiving much less notice were:

- Carryover basis. Congress has deferred the enforcement date of a law that would have significantly increased capital gains taxes on the sale of inherited property.

- Independent contractors. Congress decided to take another year to sort out whether independent contractors who do not have social security or income taxes withheld by the firms that employ them are paying the IRS less than what is due. The IRS wants firms to withhold federal taxes for independent contractors.

- Limitation on federal spending. Rep. Jones wants federal spending to be held below 21 percent of the gross national product for the next fiscal year and 20 percent thereafter. Spending is expected to be 21.9 percent of GNP in this fiscal year.

Reverse the trend

While equitable tax policy is at least as complicated as human nature, many experts are coming around to the thought that an overhaul is overdue. Says Sen. John C. Danforth (R.-Mo.), a member of the Senate Finance Committee: "The tax policies we have been following in recent years have been the wrong policies. They have tended to stunt the growth of the economy and increase the growth of government. I think we should reverse that trend."

Well and good, says Sen. Russell B. Long (D.-La.), committee chairman. But that reminds him of that homespun commentary:

*Don't tax you,
Don't tax me,
Tax the fellow
Behind the tree.*

The Wills and Won'ts of VAT

Although VAT is common in Europe—17.6 percent in France, 15 percent in Britain, 20.2 in Denmark—its imposition here is years away, if ever.

Arthur Andersen & Co., the accounting firm based in Chicago, has produced a study of VAT that says it should be accompanied by appropriate reductions in other taxes.

"One thing is certain, taxpayers must ultimately foot the bill," the study says. "VAT may provide a more balanced tax system to finance needed government expenditures."

According to the study, VAT has these advantages: Because it is based on consumption, it provides a stable revenue base; it is a neutral tax since it falls on all types of business; it provides an incentive to busi-

ness to control costs; it encourages or at least does not discourage savings and investments; it can raise large amounts of revenue at a low rate; it is simple to administer; it could create incentives for exports under certain conditions; and it results in a better balanced tax system.

Claimed disadvantages are: The tax is regressive; it will lead to excessive spending; it lacks a countercyclical balance; it could harm new and marginal businesses; it creates administrative burdens; it is inflationary; it is a hidden tax; and it conflicts with state and municipal sales taxes.

One factor is certain: VAT has risen from anonymity to a starring role in the ongoing tax policy debates in Congress and elsewhere.



EVERY BUSINESS CARD YOU'LL EVER NEED.

Use. Consult. Trust. The complete purchasing guide for American business.



The first step. Let your fingers do the walking.

Put a Lid on Federal Spending

American consumers overwhelmingly favor a law that would cap federal government spending.

The latest quarterly survey of consumers, conducted in December by the Gallup Organization for the U. S. Chamber Survey Center, found that 65 percent favor a law to keep spending "below 21 percent of gross national product in next year's budget and below 20 percent in years after that."

The survey findings are based on personal interviews with 1,522 respondents nationwide. Only 15 percent oppose such a law limiting federal government spending.

The figures reflect continuing consumer concern about the growth of government. In the first of these surveys a year ago, 77 percent of the respondents favored reducing federal services and spending if taxes were reduced by the same amount.

Burden of inflation

The December survey shows that inflation is hitting consumers hard in their pocketbooks. "Undoubtedly, the burden of inflation is one very important reason why so many people want to see a lid put on government spending now," says James Morris, director of the U. S. Chamber Survey Center. "Certainly, there can be no doubt that the burden is real."

Fifty-eight percent of respondents expect their incomes to go up less than prices during the next 12 months. Another 29 percent expect their incomes to hold even with inflation, while only eight percent believe that incomes will go up more than prices.

In part, this lack of optimism merely reflects recent past experience. When respondents were asked whether they were financially better or worse off now than a year ago, 41 percent said they were worse off, and 29 percent said they were better off.

As a result, two thirds of consumers say that now is a rather bad time to

spend money. Only 19 percent express the view that they "are in a good position to buy some of the things they would like to have."

Bad time for home buying

The pressure on consumers' pocketbooks has caused them to scale back their attitudes toward buying. In December, 1979, the proportion saying now is a bad time to buy large household goods—40 percent—edged ahead of the proportion saying now is a good time to buy—38 percent. In December, 1978, twice as many thought it was a good time to buy—52 percent—as thought it was a bad time.

Reflecting generally tighter credit, attitudes toward buying a house have changed. In December, 67 percent of respondents said that now is a bad time to buy a house, up from 48 percent three months earlier. Only 21 percent said that now is a good time to buy a house.

Financial pressure on their pocketbooks is one reason why 56 percent of respondents favor a cut in federal income taxes. Only 29 percent of respondents oppose a tax cut at this time, and 15 percent had no opinion.

Part of the problem

Another reason why so many consumers favor a tax cut is that they don't buy the argument that it would increase inflation. Asked whether "a tax cut at this time would increase inflation, reduce inflation, or not have much effect," 41 percent said there would not be much effect. The remaining respondents were evenly split, with 22 percent saying that a tax cut would reduce inflation and 21 percent saying it would increase inflation.

"It has long been true that many consumers see rising taxes as part of the problem of rising prices, not as a solution to that problem," according to Jay Schmiedeskamp, vice president of Gallup.

The latest survey asked several questions about white-collar crime—defined for respondents as employee theft, check and credit-card fraud, and bilking of consumers. Although the question included the statement that such crime "costs the public an estimated \$40 billion to \$50 billion annually," only 38 percent of respondents judged white-collar crime to be a very serious problem. Another 24 percent said it was only somewhat serious, while 31 percent said it was not very serious.

Crime-fighting remedies

Respondents were asked to rank the following five items as the most effective means of reducing white-collar crime. The results are:

	Most effective
More severe sentences for defendants found guilty	28%
Better company security practices	26%
Quick and certain prosecution of accused persons	21%
Education about the cost of white-collar crime	17%
Larger state and local police forces	6%

Finally, respondents were asked whether lifting the federal interest ceilings on banks and savings and loan associations would increase savings. Fifty-five percent said people would save more if interest rates were higher, and 37 percent said that there wouldn't be much effect.

To a followup question, 29 percent of respondents said that removing the ceilings would make a big difference in "how much money these places would have available to lend to their customers." Another 38 percent said it would make some difference, while only 25 percent said it would not make very much difference. □



EXECUTONE INTRODUCES THE EQUALIZER.

THE BUSINESS PHONE THAT GIVES EVERYONE THE SAME ADVANTAGES AS THE BIG OPERATORS.

Even if you have as few as 4 telephones, this new "intelligent" system can help you cut costs.

At last there's an electronic phone system that lets small businesses—or small departments of large companies—save money and enjoy many advanced communications benefits that were once available only in much larger systems.

It's an ideal system for organizations with busy internal communications. Because it offers intercom capabilities never before possible in a system this size.

You get these and many other high-performance features because the system uses the Intelligent Telephone™. Each phone has its own built-in micro-computer with electronic memory.

And you get significant cost savings from owning your phones instead of renting from the phone company.

Find out how to own or lease this remarkable new system. Contact Executone—the nationwide phone

company with over 40 years of leadership in business communications. Mail this coupon today.

Intelligent Telephones? I'd like to know more.

- ☐ Please send me your free portfolio, "Why The Intelligent Telephone Is A Smart Business Decision."
- ☐ Have your representative phone for an appointment.

Name _____

Company _____ Number of Phones _____

Street _____

City _____ State _____ Zip _____

Executone

The Intelligent Telephone Company™

Mail to: Executone, Inc., Dept. 5-V
29-10 Thomson Ave., Long Island City, N.Y. 11101

Growth

Washington Report, the fastest growing newspaper in the country, is adding new paid subscribers at the rate of almost 7,000 every week; a 57% circulation increase since July '79 for the business advocate newspaper.



Contact Brett Perrine, Ad Director, at 711 Third Avenue, New York, New York 10017. (212) 557-9886. Classified advertising: Carol Ruegamer. Toll free: (800) 424-6746. *Washington Report*, the business advocate newspaper, is published weekly by the Chamber of Commerce of the United States, publishers monthly of *Nation's Business*, the business advocate magazine, and producers of "It's Your Business", the nationally syndicated television series on business.

continued from page 36D

Anaconda has made no decision to cut back on its uranium operations. "Still," says Mr. Weed, "we feel we're in for a long period of indecision that could affect demand, perhaps through 1983."

Other businesses subject to the same uncertainty include firms that lease nuclear fuel to electric utilities.

"While there are still opportunities to finance nuclear fuel around the country, over the long haul the slowdown in nuclear plant orders does not bode well for the growth of third-party financiers such as ourselves," says Hamilton H. Wood, Jr., regional marketing manager of PruLease, Inc., a subsidiary of Prudential Insurance Co. of America.

PruLease, headquartered in Boston, is one of the nation's largest lessors of nuclear fuel to utilities. Many of them have found that leasing nuclear fuel instead of buying it is more economical and releases capital to build other facilities, either conventional or nuclear.

Such business is unlikely to dry up completely for some time, since utilities now operating nuclear power plants will require periodic reloads. However, the uncertainty for PruLease is that many utilities are having second thoughts about the financial risks involved in building and licensing additional nuclear plants. "As this happens we will be prepared to offer financing for oil inventories and coal piles as well," says Mr. Wood.

Robot Inspector Saves Time and Money

If robots are meant to do difficult, repetitive jobs, the Westinghouse Electric Corp. has the ideal situation.

The task: Routine inspection of welds inside a nuclear reactor containment vessel under 30 feet or more of radioactive water.

The answer: A giant, leakproof robot that scans the surface of a vast area of metal, its computer eye discerning any changes in the integrity of the welds.

The robot is a three-year-old, 11-ton machine built by Westinghouse's Research and Development Center and its Nuclear Service Division in Pittsburgh.

Called an Inservice Inspection Tool, it has cut from days to hours the time nuclear plants must be shut down for inspection and refueling. A utility can spend more than \$350,000 a day to



Westinghouse technician examines transducers on robot's arm.

purchase replacement power to serve its customers, so the time saved also means money saved. Westinghouse now has two multimillion-dollar robots traveling to nuclear utilities and is thinking about building a third.

GE Tests Supercool Superconducting Generator

General Electric engineers have developed a superconducting generator that someday may produce as much electricity as conventional generators twice the size and weight.

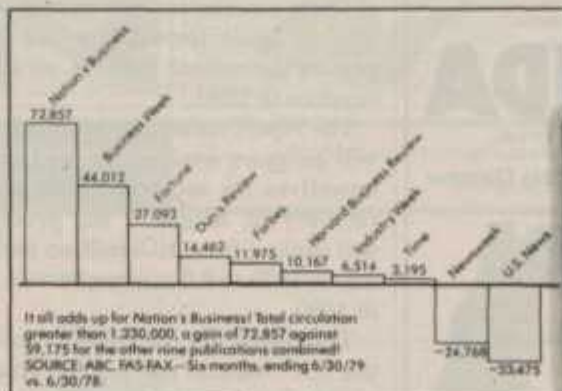
The engineers successfully tested a 13-foot-long, 3,000-pound rotor at 3,600 revolutions per minute while cooled to 452 degrees Fahrenheit, only seven degrees short of absolute zero.

Superconductivity was first observed 60 years ago. Theoretically, a superconducting generator could operate with only half the energy losses of a conventional generator. Efficiency is increased because certain metals and alloys offer no resistance to the flow of electricity and exhibit unique magnetic properties at temperatures close to absolute zero. But, says Roland W. Schmitt, GE vice president for corporate research and development, it will take years to ensure reliability and to deliver high performance at a competitive price.

Ultrastrong magnetic fields are produced by the superconducting generator from thousands of filaments of niobium-titanium alloy in a copper

Growth

Nation's Business circulation growth is greater than Business Week, Fortune, Dun's Review, Forbes, Harvard Business Review, Industry Week, Time, Newsweek or U.S. News & World Report. Good things grow out of Nation's Business—the business advocate magazine.



Contact Brett Perrine, Ad Director, at 711 Third Avenue, New York, New York, 10017, (212) 557-9887. *Nation's Business*, the business advocate magazine, is published monthly by the Chamber of Commerce of the United States, publishers weekly of *Washington Report*, the business advocate newspaper, and producers of "It's Your Business", the nationally syndicated television series on business.

Brevard Where Industries Grow...

LIKE...

- * COLLINS
- * DICTAPHONE
- * FAIRCHILD CAMERA
(Test Line Division)
- * ITT NORTH ELECTRIC

These are only a few of the companies that have recently relocated to Brevard County. Additionally, the Harris Corporation recently moved their corporate headquarters here.

Brevard has five established industrial parks and 1/4 million square feet of industrial and warehousing space available, and our civic and political leaders welcome new industry and provide maximum cooperation.

Four Industrial Development Staff Specialists are available to assist you.

"Everything Grows Faster in Brevard"

In cooperation with the Division of
Economic Development,

FLORIDA

Department of Commerce.

John McCauley, Executive Director

**BREVARD
ECONOMIC
DEVELOPMENT
COUNCIL** Dept. NB

2575 North Courtenay Parkway
Merritt Island, Florida 32952

Telephone: 305/453-9519

matrix, wound to form five racetrack-shaped modules, which are immersed in liquid helium. The GE machine is expected to be ready for final tests by 1981.



GE scientist checks rotor of generator that operates at 452 degrees below zero.

Domestic Oil and Gas Supplies Face Decline

Domestic supplies of crude oil will continue to decline, and the availability of crude oil on world markets may be constrained. Natural gas imports by the United States will increase, but not enough to replenish the decline in the domestic supply.

These conclusions are part of an Arthur D. Little Impact Services Co. report on the outlook for U. S. oil and gas supplies to 1990.

The report notes that although there will be more exploration and greater incentives for secondary and tertiary recovery of domestic oil, production will decline from 10.3 million barrels a day in 1978 to 8.5 million barrels a day in 1990.

The report also predicts a decline in the U. S. natural gas supply, accompanied by increased imports of liquefied natural gas. Continued economic growth, the report says, may depend on greater conservation and increased supplies from alternative energy sources such as coal, nuclear power, and solar energy.

Despite Slowdown, Furniture Is Sound

The long-term outlook for the furniture industry is bright even with an expected slowdown this year, says the accounting firm of Seidman & Seidman. Furniture shipments in 1980 are expected to reach \$8.4 billion, down five percent from record 1979 levels.

The firm says that despite the present economic slowdown and accelerating inflation, "the consumer has not reacted in the historic pattern by curtailing purchases. The high level of housing construction throughout 1978 has created a strong basic demand for furniture shipments in 1979."

Also, the firm points out, consumers are buying furniture now in the expectation that it will cost more later. The fuel shortage may have helped, too, the firm says. Many families canceled vacation plans and had more incentive and funds to purchase furniture.

The 1980s will bring increased government regulations, shortages in the labor supply, capital demands, and pressure for increased wages, but the furniture industry is basically in good health, the firm concludes.

Satellite Images Tested in Locating Uranium

The uses of satellite images to help locate uranium is being tested in the Powder River Basin in northeastern Wyoming and southeastern Montana by U. S. Geological Survey scientists.

The technique involves the analysis of Landsat satellite images to map sedimentary rocks that are similar to those with known uranium deposits. The images used in the process are obtained from an orbiting satellite that scans all parts of the earth every 18 days.

"The satellite image can be processed to show a particular vegetation pattern which, combined with linear surface features, appears to be associated with concentrations of uranium," says Gary Raines, a government geologist.

Although the technique looks promising, he says, "it does not pinpoint the locations of uranium or other minerals.

"We don't know if this technique will work elsewhere," says Dr. Raines. "Uranium exists in many parts of the world where surface vegetation is completely different from that of the Powder River Basin." □



Patch concrete floors for immediate use with **MAGIC FLOOR®**. Quick and easy application lets your own laborers do the job without heating or mixing. Just fill the hole with this ready-to-use compound and compress with a lift truck. Free two gallon sample.



Randustrial® will loan you spray equipment and will instruct your men in its use to resurface your plant roofs with **SHIELD-TITE® ROOF PRESERVER**. This premium product combines top grade asphalts and carefully selected oils to resaturate dried out felts and restore them to a pliable, waterproof condition. A three-man crew can coat up to 35,000 square feet in one day. You save the cost of hiring a contractor. Send for a free Catalog with added details.



PLASTIC ROCK® is used for resurfacing over deteriorating concrete. It gives a tough, long wearing, resilient surface with absorption to sound. Ideal for resurfacing ramps, trucking aisles, floors and other numerous places. Free two gallon sample.



Use **RANNITE® CHUCKHOLE PATCH**, an instant-setting repair material. Its simple application and no drying time feature mean that you never have to reroute traffic. Just fill the hole and compress with a car or truck wheel. Free Two gallon sample.

EASY-TO-USE RANDUSTRIAL® PRODUCTS

MAKE BUILDING AND GROUNDS MAINTENANCE SIMPLE FOR YOUR MEN

Free 2 Gallon Samples



BOLT ANCHOR® SULFASET will securely anchor your heaviest machinery. It expands as it sets to lock bolts in place. Contains Albaitite for greater pull-out strength and resistance to water, oil and chemicals. Just mix with water and pour. Free two gallon sample.

Roof repairs are a snap in any weather with **WET SURFACE ROOF REPAIR KITS**. Both heavy trowel and thinner brush type materials are supplied. Kits also contain reinforcing membrane, roof brushes and trowels, everything you need to make the repair. Permanent patches are made whenever leaks show up; rather than having to wait for the weather to clear. Repair your leaky roofs now. Free two gallon sample.



Quick drying patches are easy with **FLEETPATCH®**. The ingredients are factory proportioned for perfect results every time. Just mix, trowel smooth and wait 45 minutes before you open to traffic. The result will be a smooth, hard surface patch. Fleet Patch contains a resilient plastic binder which resists shock and abrasion, enabling the patch to withstand heavy trucking. Excellent for use on all your plant's traffic aisles. Free two gallon sample.



Randustrial Corporation

Sales Offices in Principal Cities

13251 Union Avenue/Cleveland, Ohio 44120

Telephone (216) 283-0300

Please send me the following samples and/or information:

(Sample offer not valid for home use.)

- ☐ Rannite Chuckhole Patch
- ☐ Plastic Rock
- ☐ Magic Floor
- ☐ Shield-Tite Roof Preserver
- ☐ Wet Surface Roof Repair Kit
- ☐ Fleet Patch
- ☐ Free 64 page Maintenance Catalog
- ☐ Bolt Anchor Sulfaset

Name _____

Title _____

Company _____

Address _____

City, State, Zip _____

Phone No. _____
(area code) (number)

MISSISSIPPI is FIRST in Business Climate

... according to the Conference of State Manufacturers Association March, 1979 study of the 48 contiguous states conducted by Alexander Grant & Company.

The State Manufacturers Association study also stated that Mississippi ranked 7th in the number of manufacturing jobs gained during the period 1968-1978.

Eighteen criteria were selected as factors that affect business climate, such as union membership, energy costs, manufacturing wages, work stoppages, taxes, pollution abatement, among others.

For a copy of the study and additional information about Mississippi's Industrial Development Program, write W. J. Caraway, Executive Director or Jim Miller, Manager, Industrial Development Division, Mississippi Department of Economic Development, P.O. Box 849, Jackson, Mississippi 39205, or call 601/354-6700.



MISSISSIPPI...AMERICA SOUTH

Too Busy Earning a Living To Make Any Money?

You think you've got problems?

Well, I remember when a bank turned me down for a \$200 loan. Now I lend money to the bank — Certificates of Deposit at \$100,000 a crack.

I remember the day a car dealer got a little nervous because I was a couple of months behind in my payments — and repossessed my car. Now I own a Rolls Royce. I paid \$43,000 for it — cash.

I remember the day my wife phoned me, crying, because the landlord had shown up at the house, demanding his rent — and we didn't have the money to pay it.

Now we own five homes. Two are on the oceanfront in California (I use one as my office). One is a lakefront "cabin" in Washington, (that's where we spend the whole summer — loafing, fishing, swimming, and sailing.) One is a condominium on a sunny beach in Mexico. And one is snuggled right on the best beach of the best island in Hawaii — Maui.

Right now I could sell all this property, pay off the mortgages, — and — without touching any of my other investments — walk away with over \$750,000 in cash. But I don't want to sell, because I don't think of my homes as "investments." I've got other real estate — and stocks, bonds, and cash in the bank — for that.

I remember when I lost my job. Because I was head over heels in debt, my lawyer told me the only thing I could do was declare bankruptcy. He was wrong. I paid off every debt.

Now, I have a million dollar line of credit; but I still don't have a job. Instead, I get up every weekday morning and decide whether I want to go to work or not. Sometimes I do — for 5 or 6 hours. But about half the time, I decide to read, go for a walk, sail my boat, swim, or ride my bike.

I know what it's like to be broke. And I know what it's like to have everything you want. And I know that you — like me — can decide which one it's going to be. It's really as easy as that. That's why I call it "The Lazy Man's Way to Riches."

So I'm going to ask you to send me something I don't need: money. Ten dollars to be exact. Why? Because I want you to pay attention. And I figure

that if you've got \$10 invested, you'll look over what I send you and decide whether to send it back... or keep it. And I don't want you to keep it unless you agree that it's worth at least a hundred times what you invested.

Is the material "worth" \$10? No — if you think of it as paper and ink. But that's not what I'm selling. What I am selling is information. *More information than I give when I'm paid \$1000 as a guest speaker. More information than I give in a one-hour consultation for \$300.*

But you're really not risking anything. Because I won't cash your check or money order for 31 days after I've sent you my material. That's the deal. Return it in 31 days — and I'll send back your check or money order — uncashed.

How do you know I'll do it? Well, if you really want to be on the safe side, post-date your check for a month from today — *plus 2 additional weeks.* That'll give you plenty of time to receive it, look it over, try it out.

I know what you're thinking: "He got rich telling people how to get rich." The truth is — and this is very important — the year before I shared "The Lazy Man's Way to Riches," my net income was \$216,646. And what I'll send you tells just how I made that kind of money... working a few hours a day... about 8 months out of the year.

It doesn't require "education." I'm a high school graduate.

It doesn't require "capital." Remember I was up to my neck in debt when I started.

It doesn't require "luck." I've had more than my share. But I'm not promising you that you'll make as much money as I have. And you may do better. I personally know one man who used these principles, worked hard, and made 11 million dollars in 8 years. But money isn't everything.

It doesn't require "talent." Just enough brains to know what to look for. And I'll tell you that.

It doesn't require "youth." One woman I worked with is over 70. She's travelled the world over, making all the money she needs, doing only what I taught her.

It doesn't require "experience." A widow in Chicago has been averaging \$25,000 a year for the past 5 years, using my methods.

What does it require? Belief. Enough to take a chance. Enough to absorb what I'll send you. Enough to put the principles into action. If you do just that — nothing more, nothing less — the results will be hard to believe. Remember — I guarantee it.

You don't have to give up your job. But you may soon be making so much money that you'll be able to. Once again — I guarantee it.

I know you're skeptical. Well, here are some comments from other people. (Initials have been used to protect the writer's privacy. The originals are in my files.) I'm sure that, like you, these people didn't believe me either when they clipped the coupon. Guess they figured that, since I wasn't going to deposit their check for at least 31 days, they had nothing to lose.

They were right.

And here's what they gained:

'Wow, it does work!'

"Oddly enough, I purchased Lazy Man's Way to Riches some six months ago, or so, read it, and really did nothing about it. Then, about three weeks ago, when I was really getting desperate about my financial situation, I remembered it, re-read it, studied it, and this time, put it to work and WOW, it does work! Doesn't take much time, either... I guess some of us just have to be at a severe point of desperation before we overcome the ultimate laziness, procrastination."

Mr. J.K., Anaheim, CA

'Made \$50,000 just fooling around'

"In February 1974 you sent me (for ten bucks) your Lazy Man's Way to Riches. Since then I have made approximately 50 grand (\$50,000) just fooling around on the basis of your advice. You see, I really

am lazy — otherwise I could have made 50 million! Thank you!"

Mr. R. McK., Atlanta, GA

'\$24,000 in 45 days'

"...received \$24,000.00 in the mail the last 45 days.

"Thanks again."

Mr. E.G.N., Matewan, W.VA

Made \$70,000

"A \$70,000 thanks to you for writing The Lazy Man's Way to Riches. That's how much I've made..."

"I use this extra income for all of the good things in life, exotic vacations, classic automobiles, etc. Soon I hope to make enough to quit my regular job and devote full time to making money the easy way..."

Mr. D.R., Newport Beach, CA

\$260,000 in eleven months

"Two years ago, I mailed you ten dollars in sheer desperation for a better life... One year ago, just out of the blue sky, a man called and offered me a partnership... I grossed over \$260,000 cash business in eleven months. You are a God sent miracle to me."

B.F., Pascagoula, Miss.

'There's no stopping me'

"Since I've got your (Lazy Man's Way to Riches) in July, I've started 4 companies... there's no stopping me and I'm so high I need chains to keep me on the ground."

M.T. Portland, OR

What I'm saying is probably contrary to what you've heard from your friends, your family, your teachers, and maybe everyone else you know.

I can only ask you one question.

How many of them are millionaires?

So it's up to you.

A month from today, you can be nothing more than 30 days older — or you can be on your way to getting rich. You decide.

The wisest man I ever knew told me something I never forgot: "Most people are too busy earning a living to make any money."

Don't take as long as I did to find out he was right.

I'll prove it to you, if you'll send in the coupon now. I'm not asking you to "believe" me. Just try it. If I'm wrong, all you've lost is a couple of minutes and a postage stamp. But what if I'm right?

© Joe Karbo - 1979, 17105 South Pacific, Sunset Beach, Calif. 90742

Sworn Statement:

"On the basis of my professional relationship as his accountant, I certify that Mr. Karbo's net worth is more than one million dollars."

Stuart A. Cogan

Bank Reference:

Home Bank
17010 Magnolia Avenue
Fountain Valley,
CA 92708

Joe Karbo
17105 South Pacific, Dept. 512-B
Sunset Beach, California 90742

Joe, you may be full of beans, but what have I got to lose? Send me the Lazy Man's Way to Riches. But don't deposit my check or money order for at least 31 days after it's in the mail.

If I return your material — for any reason — within that time, return my uncashed check or money order to me. On that basis, here's my ten dollars.

Name _____
(Please Print Clearly)

Address _____

City _____

State _____

Zip _____

SORRY — NO COD'S

PROOF:

Don't take my word for it. These are excerpts from articles in newspapers and magazines:

Time:

He only works half the year in his stunning office on California's Sunset Beach, and even when he's there he puts in short hours... In other words, Joe Karbo, 48, is the prototype for... "The Lazy Man's Way to Riches."

Seattle Times:

Is it all honest? A man who has done business with him says Karbo's reputation is excellent, and that he has managed to conduct mutually beneficial deals with him with nothing but a handshake and an oral agreement.

Want to be rich? Take my advice and follow his.

Boston Herald-American:

The book has drawn hundreds of letters from persons who have profited by it...

Los Angeles Herald-Examiner:

An unpretentious millionaire, Joe Karbo of Huntington Harbor is a vibrant, living testimonial to his intellectual, pragmatic conviction.

Forbes:

After bouncing around show biz, advertising, and real estate, he made his fortune... Last year (1972) he made \$250,000.

Money Making Opportunities:

Maybe Joe Karbo has the secret. Don't you think you owe it to yourself to find out what it is all about?... I just finished it — and I'm off on a vacation myself. Get the idea?

The Boston Globe:

Jay Haws of Chico, Cal., said the pep talk... in "The Lazy Man's Way to Riches" has "changed my life," and upped his freelance graphic designer income from \$2000 to \$30,000 annually.

"I'm not rich yet," said Haws, "but I see the light at the end of the tunnel... it gave me the swift kick in the pants that I needed."

Long Beach Independent:

He's programmed the path to riches for the lazy man.

Business and Government Venture Into a Job-Training Partnership



Timex, Inc., donated time, equipment, and space to a skills training center for members of lower-income families. "The most important thing," says a spokesman, "is that everyone can walk out of here with a skill that is in demand."

CAUTIOUSLY but resolutely, business and government are edging toward a limited partnership to develop private sector jobs for the unemployed and the unemployable.

The just-born venture stems from two factors: One, the administration and Congress have embraced the idea that creating more public service jobs to cut unemployment merely fuels inflation. Two, while the jobless figures remain static, business faces a critical shortage of skilled workers. The most practical solution is to train the untrained.

That is what the Comprehensive

Employment and Training Act was supposed to do following its enactment in the mid-1970s. However, CETA throughout its history has emphasized public service jobs that do not necessarily provide marketable skills for future employment.

A survey of 2,400 personnel directors last year found that U.S. businesses rely primarily on walk-in applicants, employee referrals, and advertising in hiring new people. Next on the list were private and state employment services. Very seldom were CETA agencies used by these directors, the survey showed.

Now CETA has begun a new effort to provide training for jobs that exist in the real market. The Labor Department has invested \$75 million, with another \$325 million to come, in a demonstration project to let private employers train those who lack the skills to hold permanent jobs.

The new program will pay employers to train the hard-to-employ; help employers develop in-house training programs, meet affirmative action goals, and improve productivity by reducing turnover; fund training for employees at local community colleges or other centers; and prescreen applicants to meet employers' performance standards for entry-level jobs.

A close link

"It is critical that federal manpower programs be more closely linked with private sector jobs," says Roberts T. Jones, administrator of the Office of Management Assistance at the Labor Department.

The original 34 private industry councils that set up the pilot project for the program have now expanded to 321 councils that will find out what employers' real job needs are and help identify people who can fulfill those needs.

"The whole idea," says Sen. Richard Schweiker (R-Pa.), "is to provide the means of getting away from public service jobs. The councils are designed as a bridge between employers and CETA's resources."

Says Ted Small, president of the New York City Private Industry Council: "We are providing business with



**You spend one-third of your payroll on
fringe benefits.
And your employees may not even know it.**

Let Prudential's Employer's Advisory Service tell them about it free.

You spend about one-third of your total payroll on fringe benefits.* But it doesn't do much for you unless your employees appreciate just how valuable this "second paycheck" is.

Prudential's Employer's Advisory Service (EAS) helps your employees appreciate their "real" salary by providing individualized

statements of their fringe benefits. This works to your benefit, too. It improves general morale, helps you keep your best employees, and gives you an additional selling point when you hire new people.

EAS—it's a "big company" benefit now available to companies with fewer than 50 employees. You don't have to be a Prudential policyholder to get this free service. And your people will appreciate the attention our

representatives give them. We can even help them coordinate their company benefits with their personal insurance needs.

So if you'd like your company's fringe benefits to work to *everyone's* advantage, just ask a Prudential representative about our Employer's Advisory Service.

The Prudential Insurance Company of America



Prudential

Life Health Auto Home

*Source: U.S. Chamber of Commerce



"It's beginning to look like the Hall of Fame for local industry," says Marion Pines, of Baltimore, Md. Like many CETA veterans, she was initially skeptical, but now believes that private participation can make the program successful.



As administrator of the new program, Bob Jones wants employers to identify what skills are needed in the real work force.



Getting away from public service jobs is the whole idea behind private industry councils, says Sen. Richard Schweiker (R.-Pa.).

money and a seat at the table to get training to fill real vacancies. We are trying to forge a partnership between the government and employers."

Marion Pines, administrator of manpower resources for Baltimore, Md., says there was some initial skepticism. "But it's beginning to look like the Hall of Fame for local industry. We have extensive participation by the chief executive officers of all the major corporations in the area."

But the councils are not just for big companies. Small business is the real target. Funding incentives are offered for such programs as:

- Up to 50 percent of an eligible employee's wages for on-the-job training.
- Classroom training to teach eligible employees specialized skills needed in an individual company.
- Upgrading of current employees' skills, provided that any position vacated by the upgrading is filled by a CETA enrollee.
- Internships to provide practical training for individuals.
- Work-study for eligible youths attending school.

Even before this joint venture be-



Films Make It Happen

To infuse your meetings with enthusiasm from attendees, do what other organizations have done—use U.S. Chamber films. The films win high marks as program fare from civic organizations coping with weekly luncheon sessions, associations searching for impact to open their annual conventions, teachers interested in broadening student understanding of private enterprise. Four favorites are highlighted here, but you'll want to feature all of the U.S. Chamber's films!

The American Album

A colorful exploration of the way the private enterprise system has played a key role in this country's history and growth . . . why we need to ensure having the competitive spirit as part of our future. Narrated by Jimmy Stewart. Running time: 20 minutes.

It's Everybody's Business

One of the U.S. Chamber's most popular ani-

ated films. Its explanation of the role business competition has played in our country since colonial days is so imaginative and thought-provoking that countless viewers rank it "outstanding." Running time: 22 minutes.

Freedom 2000

Considered to have the finest animation on the market, this film is designed to correct common misinformation about business. It shows the mutual interdependence of economic and political freedoms . . . and steps individuals can take to help preserve these freedoms. Running time: 22 minutes.

Small Business Keeps America Working

Winner of the CINE "Golden Eagle" and the New York International Film & Television Festival's "Bronze Medal," this film emphasizes the spirit of personal independence that has underscored the American way of life throughout our history . . . but also pinpoints risks and rewards faced by small business today. Running time: 28 minutes.

SPECIAL PROJECTS, (202/659-6185), Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20062

Please check films wanted. For rentals, specify choice of dates:

1st choice _____ to _____
2nd choice _____ to _____

	7-day Rental	Purchase Price
The American Album	\$15 _____	\$140 _____
Freedom 2000	\$15 _____	\$140 _____
It's Everybody's Business	\$15 _____	\$150 _____
Small Business Keeps America Working	\$15 _____	\$150 _____

☐ Bill me ☐ Send me additional information

☐ Payment enclosed (Make checks payable to Chamber of Commerce of the U.S.)

Name _____ Phone _____

Organization _____

Street Address _____

City/State _____ Zip _____

NOG280

Refining Jobless Statistics

Exactly who is unemployed and when has always been a subject of debate among unemployment statisticians. But if the recommendations of a recent presidential commission are implemented, the definition of unemployment may acquire more precise meaning.

The National Commission on Employment and Unemployment Statistics has made 88 formal suggestions that would, it says, more accurately define the labor force, reflect changes in the national economy, and portray the real state of national employment.

"If adopted, the commission's recommendations will tighten labor market definitions, clarify public understanding of labor force data and the dynamics of labor market operation, and provide Congress with sounder guidelines for allocating funds to the states and local communities," says Chairman Sar A. Levitan.

The statistics form the basis for distributing \$10 billion in federal funds for public employment, job training, area development, and other programs.

The commission recommends in part that the federal government:

- Survey more households to obtain more reliable data.
- Publish statistics linking an individual's employment status with earnings and family income.
- Collect more information through the federal census.
- Include the armed forces stationed in the United States as employed.
- Compile data reflecting movement into and out of the work force.

Another important commission recommendation is a warning not to initiate a national program for job vacancy statistics unless new evidence shows that useful data can be collected at reasonable cost.

tween business and the federal government began, some small businesses had orchestrated their own solutions to the problem of hiring and retaining skilled workers.

Julie Ann Textiles, Inc., Shreveport, La., is an example. One of its companies is a 15-employee firm that packages women's hosiery. A 36-hour work week and the nature of the business allow flexible scheduling, says President Donald J. Zadeck.

Four years ago, he hired several women who had been labelled difficult to employ.

"What we have now is sort of a working sorority," says Mr. Zadeck. "If someone needs several days off, for instance, to take care of getting the kids ready for school, we can usually arrange it."

"We've had great success with very little turnover," he adds. "Our workers never leave except for a better opportunity. And when that happens, they go with our blessings."

"Anytime you train people to do something, the biggest burden will have to be carried by private industry, but the rewards are well worth the effort."



"The pride I see on my workers' faces," says Mr. Zadeck, "lets me know I have done something important. We may be doing only a small part, but if other small businesses are doing the same thing, it becomes very significant."

Continental Illinois National Bank and Trust Co. of Chicago took a different tack. The bank is involved in career education aimed at high school juniors. The program does not provide training for specific jobs such as bank tellers or even presidents. It is a practical introduction to economics, on the local, national, and international levels and works with teachers and the local school system.

Program is working

"We have been encouraged by the 150 students who have passed through the program since we started in 1975," says James N. Alexander of Continental. "A recent survey of those students shows that the program is working. They may not want to enter the banking field after graduation, but they are aware of the opportunities."

Continental offers a similar career opportunity program for local commu-

nity college students and takes ten students from this program as interns. The college-level program includes assertiveness training, technological advancements, and even how to get and retain a job in financial fields.

Timex, Inc., Little Rock, Ark., began working with the federal government last year under a \$922,723 grant from the Labor Department to establish a skills center for tool setters, machinists, and tool-and-die apprentices.

Timex donated space, time, and equipment for the 18-month program to train members of lower-income families—below \$7,000—who are unemployed and seeking work. Every month a class of 15 begins a six-month training schedule of classroom study and actual work.

"We're very happy with the program so far," says Timex spokesman Anthony J. Marty. "The people are sticking with it, and we've lost only 12 of the 70 who enrolled. Absenteeism is between four and seven percent. We have even managed to overcome some of the sex bias usually associated with the trade; the women are progressing as well as the men."

"The most important thing," he

adds, "is that everyone can walk out of here with a skill that is in demand, the knowledge of how to apply that skill, and the training to stay in the work force."

After completion of the program, the graduates are free to work for Timex or any company they choose.

Short of qualified people

Despite their newness, the private industry councils have already won praise for helping business and the federal government work together. Allan W. Blair, vice president for administration and finance at the Chamber of Commerce in Springfield, Mass., says:

"Two major industries in our area, machine tools and electronics, are very short of qualified people. The council has a proposal to expand our training efforts by about 500 percent."

"We fill big holes in the occupational demand—unlike the programs of the 1960s, which were all by category, with funding directly to various departments. There was no local determination and a lot of duplication. Now everything is localized, and the community can more accurately target its resources." □

When you want the best in operating economy, it pays to own an Armco Building.

Armco® Building Systems keep construction costs reasonable while providing the dignified appearance your business deserves.

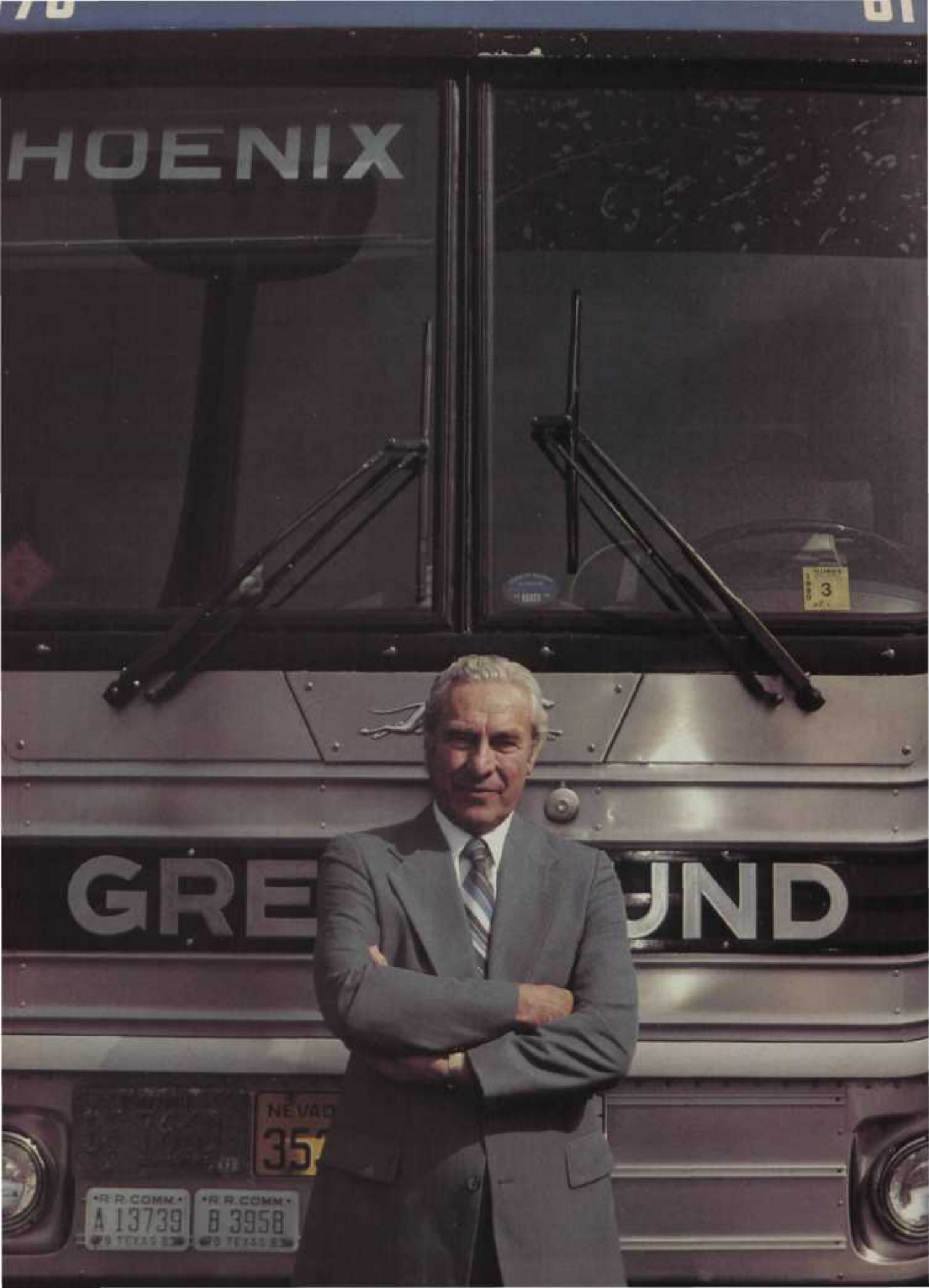
Operating economy is built into Armco Buildings: Design that fits your business exactly, fast construction for quicker return on your building investment dollar, quality that cuts maintenance costs, superior energy efficiency.

Armco Buildings are manufactured and sold throughout the United States, Canada, Central and South America, the Caribbean, Europe, the Middle East and Australia. Your local Armco Building Dealer is listed in the Yellow Pages under "Buildings-Metal."

For your free copy of the Armco Building Systems General Catalog, write to Armco Marketing Center, Promotional Services, Dept. NB-30, P.O. Box 600, Middletown, Ohio 45043.



Armco Building Systems



PHOENIX

GREYHOUND

NEVADA
357

• R.R. COMM. •
A 13739 B 3958
TEXAS

The Lawyer Who Rides and Drives Greyhound

By John H. Jenrich

GERALD H. TRAUTMAN is chairman of the board and chief executive officer of the multibillion-dollar Greyhound Corp. He also plays a mean game of jacks.

"I like to win," he says with a shy smile, "whether it's jacks or business."

In addition to mastering jacks at an early age, Mr. Trautman was a scratch golfer at 16 and played three years of varsity baseball and golf at Stanford University.

"I've always been pretty competitive in athletics," he says, "and I have a feeling, other things being equal, that if an executive has been an athlete, he makes a better executive because he should have some competitive spirit."

Always a contest

After graduating in economics from Stanford, where he was student body president, he went to Harvard Law School where he won the three-year Ames moot court competition.

"I liked being in a courtroom where it's always a contest," says Mr. Trautman. "I was always very well prepared to go into court. That's the key to being successful, knowing more than the other side."

Born in Michigan, he moved at age six to California with his family. His mother died when he was eight, and he helped to raise his younger sister—thus, his ability at jacks.

His schooling was aimed at a law career. "I had intended since I was in high school to go into law," he says. "I knew what I wanted to do, and I never deviated from it."

After Harvard, Mr. Trautman re-

turned to California to join a prestigious San Francisco law firm. The year was 1937. Ten years later, shortly after the firm began representing Greyhound, he became a partner. He stayed with the firm for another 18 years, but in 1963, though still a law partner, he became Greyhound's vice president and general counsel, turning his salary over to the law firm that he was reluctant to leave. Finally, in late 1965, he agreed to become president of Greyhound.

During his tenure, Greyhound has been marked by reorganization and aggressive expansion. He shuns capital intensive companies and favors consumer goods and services.

Greyhound's interests include the manufacture and operation of buses, car rentals, and the leasing of capital equipment and computers; insurance and financial services; Armour meat operations including slaughtering, processing, and selling; bus terminal restaurants and food supply services; consumer products; and convention services for exhibits and trade shows.

In 1978, Greyhound was the 55th largest corporation in the nation, grossed more than \$4 billion, and employed more than 50,000 people.

Pro-am tournament

That same year, Gerald Trautman shot a hole in one, playing with Bob Hope and Arnold Palmer in a pro-am tournament in Phoenix, Ariz., and reorganized Armour and Co. and the bus lines.

Mr. Trautman personally took over Greyhound lines for a year, riding the

buses, checking the terminals, and firing some top executives. Late in 1978, he started reorganizing Armour, a process that is still going on.

Until the beginning of this month, Mr. Trautman was chairman of the board, chairman of the executive committee, chief executive officer, and president of the Greyhound Corp., along with a passel of directorships and other titles in smaller Greyhound subsidiaries. At the end of last month, he relinquished the presidency.

"I tried to get the board to establish a committee to start looking for a new president at least two years ago. They thought I was going to live forever. I told them that I would stay until a good two-man team is in place, a president and a chairman, but not beyond age 70."

Contract extended

The plan: Greyhound's new president, Robert K. Swanson, former executive vice president at General Mills, will work with Mr. Trautman for at least a year, then become chairman and pick a replacement.

At that time, Mr. Trautman will step down as chairman, but remain a director. Meanwhile, the board has extended his contract through August, 1982, when he will be 70.

Although he doesn't plan to live forever, Gerald Trautman comes from a long-lived family. His father is 87 and has two older sisters in good health.

Mr. Trautman likes to tell the story of his father who, a few years ago, wanted to visit Michigan, where Gerald was born. Mr. Trautman arranged

for his father's trip to see relatives "When he came back," says Mr. Trautman, "I asked: 'How was Uncle Walter?' That's his Uncle Walter."

"He said: 'Well, I was disappointed. He's failing a little bit.'"

"I said: 'Dad, at 99, you're entitled to fail a little bit.'"

Gerald Trautman is a long way from that. One of his few concessions to being threescore and seven is a preference for tennis doubles rather than singles. But in golf he still has an eight handicap.

Operation Bark

In addition to being a director of the Chamber of Commerce of the United States and a member of the Business Roundtable, Mr. Trautman keeps tabs on the federal government and Congress through his Washington-based vice president for government affairs.

"I've had a fair hand," he adds, "in putting together our grass-roots program, which is called Operation Bark. We have what we call top dogs in 22 locations around the United States."

Gerald Trautman works closely with former pro baseball pitcher Joe Black, corporate vice president for special markets, to improve minority hiring and encourage higher education for minorities through college scholarships.

When the troops are called upon to comment on legislation, he says, they produce. For example, the Greyhound program prompted more than 1,000 letters from employees opposing legislation that would have overturned the Illinois Brick antitrust decision by the Supreme Court.

There is also a political action committee. "On the first go-around we raised something over \$100,000," he says. "In the last election, I know that 90 percent of those to whom we contributed were elected. Forty-six percent were Democrats, 54 percent were Republicans. So we don't go solely for the Republicans. I personally am a Democrat. Our criterion has been a candidate's attitude on the free enterprise system."

Mr. Trautman's personal life is very private. "I like to keep a low profile," he says. He has six sons, aged 12 to 40, lives outside Phoenix, Ariz., enjoys gardening and stamp collecting, and plays tennis and golf, but "not often enough."

Surrounded by the sun-baked Arizo-

na desert that is now his home, Mr. Trautman talked with a NATION'S BUSINESS editor about Greyhound and the government.

You joined Greyhound in 1963 while you were still with the law firm. How did you go about reorganizing Greyhound?

We turned Greyhound into a holding company. What happened was that our first acquisition, a good one, was Booth Leasing Co. We required approval from the Interstate Commerce Commission to issue the securities. The law says that the acquisition has to help the carrier activities. It was pretty hard to show that a leasing company would contribute anything to a bus line.

We came down to the last week, and the commission finally approved it, but only by six to five. Well, that was too close. We turned Greyhound into a holding company so we wouldn't have to make that same showing again. That was a big job; we had to get the approval of every state in which we operated—there were 48 then. But we did it so that we could pursue our diversification program.

How did you become president of Greyhound?

My predecessor asked me in 1961 if I would come to Chicago and be president of the company. Well, number one, I didn't want to leave San Francisco. And number two, I was pretty happy practicing law. So I kept turning him down. Finally, in August, 1965, he asked me to come up to his house at Lake Tahoe, and he said: "Would you take it if you could stay in San Francisco?" I said yes, I would.

After my appointment, I went to Chicago. It took me less than a week to figure out that absentee management wouldn't work. Half the people in Chicago were leaving early, and half were coming in late. So when I became president, I went to Chicago and stayed.

How did you get to Phoenix?

When we acquired Armour, I thought that a move would help to amalgamate the two organizations. We moved to Phoenix and were able to leave behind a lot of people we didn't need at both Armour and Greyhound. It worked out well.

What is the character of the Greyhound Corp., conservative, innovative, risk-taking?



The Greyhound Corp. itself is a forward-looking organization, but it varies by divisions. The Armour operation has had old-fashioned managers more concerned with volume than the bottom line. They thought that if they didn't kill ten percent of the federally inspected hogs or eight percent of the cattle, they were losing ground. It's very difficult to change these attitudes, but we're trying, and I think we are succeeding.

Our financial group—leasing, computers, travelers checks, and Verex—is gung-ho on taking risks. We watch them, but they're thinking and getting ahead. And they aren't making many mistakes, fortunately.

The bus line had been too complacent over the years. Too many people who grew up in the bus industry felt that the way they did it was the only way to do it. They hadn't changed with the times. But we're definitely changing that.

Which companies intrigue you the most?

The ones that are having problems. And with the number of companies we have, at least one of them is having problems at some time. For example, we reorganized the bus operations a year ago, changed the management completely. We were getting too many complaints. Right now, we're having a problem with some of Armour's operations, and I'm taking a direct interest in that.

So you see yourself as a problem solver?

Yes, I do. That's one reason I travel quite a bit. I recently visited all the bus manufacturing operations. We have a problem there, not a bad problem, we just can't fulfill the demand for buses. So I talked with all the people involved, and we will expand the operation.

Last year, we made more than 1,000 buses; this year, we will aim at more than 1,600. We take 400 to 500 for our own operations and sell the rest—for about \$115,000 apiece—in the United States and overseas. We are also in the transit bus market with the compact, heavy-duty models that sell for about \$60,000.

Who rides the buses?

Well, historically, minorities have made up about 20 percent of our passengers. We aim quite a bit of our advertising at minorities. Also, lower-income people use Greyhound, and our advertising features the fact that our



Like the swift corporate symbol, Greyhound's chief executive has an enviable track record. Over the past 17 years, he has directed the diversification and expansion of the corporation into the 55th largest in the country.

fares are low compared with other modes of transportation.

Many bus terminals are located in shabby parts of the cities and are pretty shabby themselves. Are you upgrading them?

We have spent quite a bit of money on terminals over the past several years, and without a doubt we have the best terminals in the country. We have quite a few new terminals, and we are putting in Burger King restaurants in 25 of the terminals that can produce walk-in traffic.

We still have some terminals we're not proud of, but we've beefed up the security in all of them. Our problems with derelicts have decreased substantially because we eliminated the bars in some of our terminals, just took them out.

You take a personal interest in bus operations?

Yes. I don't know how many terminals and stations I saw the year I was directly supervising the operation, but it was a whole lot. Even now, I don't go to a city without visiting the Greyhound terminal. During the reorganization, we started sending teams around the country to the terminals. We have six to eight people traveling all the time, reporting on conditions that ought to be corrected. If the conditions haven't improved on the second visit, we change terminal managers.

What about the buses? Are you improving them?

Yes. Beginning last winter we kept all of our vehicle maintenance people on staff to work on our buses. Previously, we had cut down the service and laid off mechanics after Labor Day.

We changed our program, too. We had been fixing up older buses to sell to others. We stopped doing that. Now we sell them as is and concentrate on the buses in our fleet. As a result, the fleet is in great condition, and the out-of-service figures last summer were about half of what they were the previous year. They dropped to four or five percent over busy weekends, down from eight to ten percent. A five-percent drop means that 200 buses are out making money rather than sitting at the garage.

We have tried to improve the image of the bus line, and I think we have.

Do you ride the buses?

Yes, sure. I don't ride them very much, but I rode one the other day from New York to Washington, D. C. I was very impressed with the driver; he handled it well. I wasn't very impressed with the bus. It was smoking, so I told them to take it out of service when we got to Washington.

What about relocating your terminals in the suburbs?

We have satellite terminals in every



Still in good form, Mr. Trautman has an eight handicap. He played golf and baseball at Stanford.

major city. For example, Los Angeles has 22, Chicago has 27, and New York has 24. Altogether, we have 136 company-owned terminals and 2,475 commission agencies, both inside and outside cities.

We're appealing to the same people to ride our buses, but it facilitates transportation for the passenger if he can get on the bus in his neighborhood.

You have competition from other bus companies, but do you compete with other modes of transportation?

We compete with the airlines in distances under 300 miles; we can't beat them on time beyond that. We compete with Amtrak everywhere because we're as fast as the trains except in the Northeast Corridor, and even there, there is not much difference. The big reservoir of prospective patrons is those who drive. They're the ones we have to attract and, as gasoline gets more expensive and scarcer, we are attracting them.

What about deregulation of the bus industry?

We support complete deregulation nationwide, with preemption of state laws—like the airlines—so it's not piecemeal. Continued regulation of bus rates and service by the Interstate Commerce Commission is going to be a catastrophe. I would like to see the ICC abolished.

Considering the entire corporation, what is your greatest success?

Probably the Armour acquisition because it was the most difficult. It's the biggest one we've made and required a court fight up to the Supreme Court, where we won a 4-3 decision. The whole process took two years, from 1969 to 1971. We gave something over \$400 million in cash and securities to acquire Armour. We have sold off about \$325 million worth of the assets that we didn't want to keep. We still have Armour Dial and Armour Food, which together have returned on the average just under \$25 million after taxes every year since we acquired them. So it has been a good acquisition, but it was tough going. I ran my blood pressure up for awhile. But it's back down now.

How quickly did you reorganize Armour after you acquired it?

Immediately. We took a million dollars in executive salaries out of the Armour payroll within a very short time. But we ended up with quite a few talented executives.

Other successes?

I don't know of any other major triumph. Rather it's the day-to-day challenge of working with people. I think we've done well on the smaller acquisitions like our rent-a-car business where we in effect bought out a person who built up the business. In many cases, these executives, who have a lot of Greyhound stock and are pretty wealthy, have continued to work for Greyhound. One thing I have done is to develop good executives to run our individual companies.

One theme runs through practically every acquisition—providing essential consumer services or products. When we acquired Armour, it was in several heavy industries not catering to consumers, and we disposed of all those.

I also think we have done pretty well under rather difficult circumstances in promoting the welfare of minorities and women. And it hasn't been easy. Historically, women are just not found in the bus business and the meat packing business. The best way we've helped minorities is through education. We give hundreds of scholarships at more than 50 universities throughout the United States, all for minorities.

How about failures? And what have you learned from them?

What I've learned is that when you can't see a light at the end of the tunnel, you close it up rapidly and take your loss. That is our policy. Before I became CEO, Greyhound acquired a couple of companies that it shouldn't have acquired. I closed those down as fast as I could. Fortunately, in both cases we got out about what we had put in.

What were the companies?

The first was Horne's Enterprises, a roadside feeding operation. If it had been investigated, it would have been clear that most of these installations were going to be bypassed by the interstate highway system. The other firm was General Fire, a fire and casualty insurer. We had nothing but trouble with that one. We didn't sell it, we liquidated it.

Any others?

The cattle feeding business, I suppose, has been our biggest calamity. We discontinued the Cattle Science Capital Corp. in 1974. It cost us \$10 million after taxes. This company was investigated at some length and looked like a good business. But a number of things that we couldn't control happened, such as the government's freeze on prices.

Armour kept the corporate name, and the firm still does some cattle feeding for the Armour operation.

Why has Armour closed some plants?

We've shut down the older plants engaged in slaughtering cattle or hogs because we have been trying to move Armour from the commodity business to the meat-processing business. The more you process, the more you make.

And the commodity end of the business hasn't been good. The reason is that Armour has to compete with beef packers that have wage rates substantially below ours. We have four beef plants left, and I'm debating whether they can continue operating under the new labor contract. I doubt that in the long run we can operate them profitably.

What is your typical day like?

I get here around 7 a.m., give or take five minutes. First thing I do is talk to the East if necessary. Then I finish any conferences I have. I see people most of the morning, usually one after another.

In the afternoon, I take on the accumulated paperwork. There is usually

Never before has Xerox offered such a small selection.



Our line of small copiers is now a little longer. We added a small copier at one end that gives you crisp, clear plain paper copies in seconds while quietly sitting on a desktop.

And a small copier at the other end that gives you copying, reduction and automatic sorting while quietly sitting on the floor.

In between, there are more small copiers with more big features than you can shake an original at.

So if you're looking for a small copier, call us. After all, who else gives you so much to choose from?

And so little.

XEROX

☐ Please send me more information about your small selection of copiers.

☐ Please send me a Xerox representative, too.

Send to: Xerox Corporation, P.O. Box 24,
Rochester, N.Y. 14601.

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone _____

NR 2/80

quite a bit of it. I first do the things that need my approval, like investment proposals or executive promotions within my jurisdiction—anything that might become a bottleneck without my personal approval. Any thick documents that are just for my education, I put aside and read at night.

I usually dictate in the afternoon. Recently, it has become a habit for some of the top executives to come in at the end of the day and discuss what they've been doing. I usually knock off between 4 and 5:30 p.m. I almost always take some reading material home and usually get to it, but sometimes I don't.

How much do you travel?

About two weeks out of every month.

Do you travel by yourself or with staff?

Some of each. I usually travel on the company plane, and we open the plane to anybody in the company. We have two planes, each holding 12 people, and our average load the first year was eight people.

But we watch it closely. We don't let one enterprise like Armour take all its top executives on the company plane at one time.

What do you do in your spare time?

I don't have much. I like to play golf, and I still play pretty well. I would like to take it a little easier.

How did you get started playing golf?

When this golf course in Ontario, Calif., was opened in 1922, my father became one of the charter members. He is now the only living charter member of the club. At first, I used to caddy for him. I thought it was an awfully silly game, but eventually I got interested. I'm glad I did. I've enjoyed golf all my life.

How did you make that hole in one?

That was at the 1978 Phoenix pro-am. It was my fourth hole in one. I was playing with Bob Hope and Arnold Palmer and, of course, there must have been 5,000 people there to see them.

Hope is a great guy. You would have thought he made the hole in one. He told the crowd that he talked the ball into the cup. Probably true. He talks a good game.

But we got on the green, with all these people around, and in the loudest



A Harvard law graduate, Mr. Trautman took over Greyhound after nearly three decades of private practice.

voice he says: "Gerry, that was foolish. It's gonna cost you \$40,000 to buy drinks for this crowd." He made sure everybody heard him.

Do you take vacations?

Oh, I have, yes. For four years in a row, I went to Africa to fish. We'd go fishing at Lake Rudolph, which is in Kenya near the Ethiopian border. You catch Nile perch, which look just like the perch we catch here except that they weigh up to 200 pounds. The biggest one I caught was 186 pounds.

We fished from a boat or off an island. One time on the island I hooked a fish and was working him into shore. I was afraid I was going to lose him because they are difficult to land. Pulled him in close, plainly visible, and he was tired out, and so was I. Well, I became annoyed at the guide because I thought he should have gone into the water and grabbed the fish. I finally asked him to, and he said: "There'll be crocodiles following that fish."

Do you ever really get away, though?

No. Not even in the wilds of Africa. One thing that's different from practicing law, you are never really through with this job. The office has to know where you are all the time in case of some crisis.

I'll never forget landing in Africa at some remote strip, and there was a cablegram from one of my executives waiting for me.

You spent 28 years as a lawyer and

another 17 in the business world. How would you advise someone planning a business career?

I think the competition in business is getting tougher and tougher. It's a pretty good idea to have more than just a college degree. So I would advise people to go on to law school or business school. I would emphasize accounting and similar courses because an ability to read a financial statement is very necessary. English is important because that's the only way you communicate, and the principal job of an attorney or an executive is communicating.

Do you believe it helps to go beyond that?

No, I don't. If you get through law school or business school, you should be pretty well equipped, and the sooner you get out and get started, the better it's going to be for you.

What about the future relationship of business and the federal government?

I have a firm conviction that the relationship is going to improve. There are hopeful signs of deregulation of business. There is, I think, more awareness in Washington of what some of these regulations are doing to limit productivity.

Why?

The chief executive officers and other business people have been speaking out more in the past two or three years. They have been able, through organizations like the U.S. Chamber and the Business Roundtable, to reach politicians. Part of it is the business PACs, which are important in financing campaigns for reelection, which, of course, is what is uppermost in every politician's mind. In any event, we're making progress, and I hope that after the next election it will improve further.

Who would you pick to be the next President?

While I'm a Democrat, I have not always been happy with President Carter. He has to be more aggressive in foreign and domestic affairs. But we've done worse than Carter in the past and could do even worse again. He uses Greyhound buses in his campaign, so he can't be all bad. □



To order reprints of this article, see page 72.



Hatteras Mark of a great sea boat.

Every virtue a yacht possesses, from its seaworthiness to its resale value, depends entirely on the way it is built. At Hatteras® ever since we pioneered the design and construction of large fiberglass yachts, we have maintained a tradition of quality that has never been compromised.

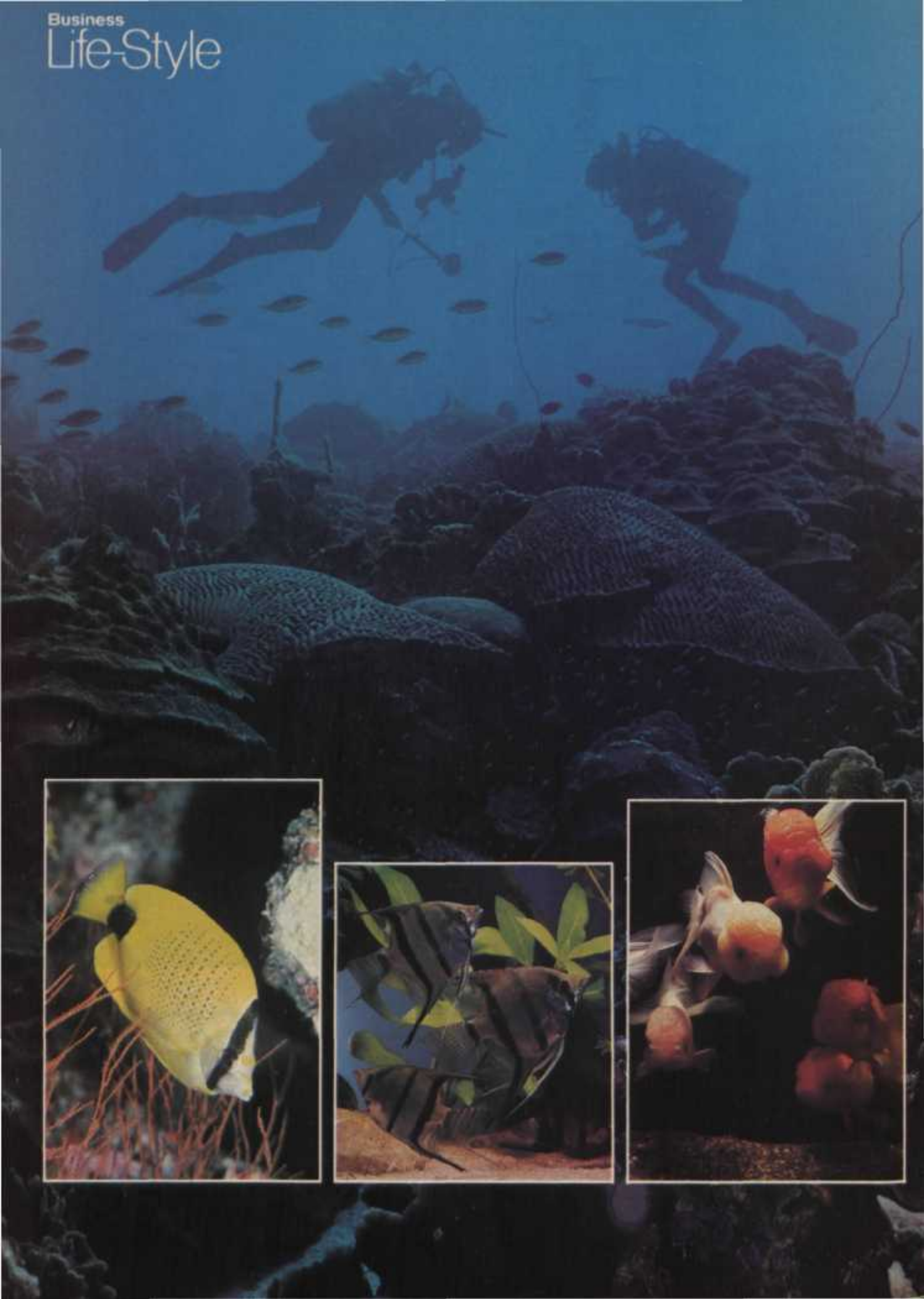
Today, with more and more affluent boat owners turning to larger yachts as an investment affording a hedge against inflation, quality and sea-craftsmanship

are more important than ever. That is why, at Hatteras, we build our yachts to hold up in the market as well as they hold up in the sea.

For more information on the full line of Hatteras yachts from 37 to 70 feet, send \$5.00 to: Hatteras Yachts, 3397 Kivett Dr., P.O. Box 2690, High Point, North Carolina 27261.



AMF
Hatteras





Fish

Aquatic Marvels in Living Color

By John Costello

JIM WHITE spends a lot of his adult life in the basement. "I don't bowl, go to the movies, or watch much television," he says.

But his downstairs is not the usual dank, depressing cellar.

The family wash isn't dangling from the beams. The floor isn't knee-deep in paper bags, old auto parts, half-empty cans of paint, or leftover bedsprings. And the walls aren't hung with stringless tennis rackets, busted ski poles, and rusty putters.

No, Mr. White's basement is carpeted, paneled, warm, well-lit, and looks like San Diego's Sea World or Florida's Marineland.

There are 60 tanks of fish in Mr. White's basement, ringing the room and running down a center aisle.

Fish have been his hobby for about 22 years.

"It was 1957 when I bought a small, ten-gallon tank and a bunch of popular aquarium-type fish—tetras, barbs—for about 19 cents apiece."

Why did he do that? "I always liked wildlife," he explains. "And being an aquarist is about the only way to have wildlife under your own roof."

About eight years ago, Mr. White's hobby took a quantum jump. His daughter married and left the nest.

"That empty bedroom gave me a chance to expand. I filled it with tanks. Now," he adds, "my son is afraid to leave. He knows what would happen to his bedroom."

What's so grabby about keeping or raising fish?

If the hobby had a theme song, it wouldn't be the Marine Corps band sounding a Sousa march nor the New York Philharmonic thundering out Beethoven's *Eroica Symphony*. If anything, it would be more like the Starlight Strings playing *Moon River*.

"It is a very serene hobby," says Mr. White.

But he finds that a plus. Especially if he has had a bad day at Plast-A-Matic Corp., Rootstown, Ohio, an injection molder of thermal plastics, of which he's vice president and part owner.

"When I'm with the fish," he says, "all my problems disappear."

For hobbyists like Mr. White and his wife, Nancy, that's understandable. Their specialty is spawning and raising fish. At this often difficult and demanding art they have few peers.

"They have probably spawned more species that have never or seldom reproduced in captivity than anyone else in the United States," says Marshall E. Ostrow, editor of *Tropical Fish Hobbyist* magazine.

"All told, we've spawned more than 150 species," Mr. White admits. "We started with the easier ones, the pretty, colorful little fish you see most of

ten in home aquariums. Now we're into the rare and more difficult ones.

"Most of them," he says, "are ugly, like stingrays."

He and his wife divide the labor. He gets the fish to spawn. Mrs. White takes charge of the eggs or fry.

It's not always easy. Finding the right salinity and water temperature to persuade a pair of green chromides to become proud parents required two years. No one else had ever succeeded with these Asian cichlids that live in brackish waters in the wild.

The Whites' formula for success? "Make 'em happy," says Mr. White.

"Give them a good environment, like nature. Let them feel secure. And see that they're well fed."

WHAT HAPPENS when the children pester their parents for a puppy and get a tank full of fish instead?

Do the kids lie on the floor and scream?

Tearfully wail that no one loves them?

Kick the furniture—or Mom and Pop?

It wasn't that way with the Moyers. Anthony, Kathleen, Cynthia, and John were pleased as punch. The guppies and mollies weren't Fido, but they made a lively and colorful addition to the living room.

Also, they were a constant source of entertainment as they cavorted in their ten-gallon tank. Taking care of

them became a family hobby. But Geraldine Moyer and her husband, Martin, were really hooked. Largely by an unexpected triumph.

"We bought this pair of bleeding heart tetras when they were about the size of a nickel," says Mrs. Moyer.

"We raised them until they were full grown—about the size of a half dollar.

"They were a beautiful pair, so we decided to enter them in a show. We didn't think we stood a chance because we were new to the hobby, but our tetras won a trophy for second place.

"So we decided to go all out. It's a challenge to raise beautiful fish."

Now the Moyer home boasts about five dozen trophies. Mrs. Moyer is president of the Exotic Aquarium Society of New Jersey and heads her own ceramic company, Ceramics by Ger-Mar, in Lodi, N. J.

Why did the Moyers enter the tetras if the cause seemed hopeless?

"We wanted to see what kind of fish we were raising," says Mrs. Moyer. "Whether they were inferior or up to snuff. Competition is the best way to find out."

How would you like a pet that never sheds hair on your gray flannel slacks, doesn't shred the drapes with its sharp little claws, makes absolutely no noise, and is about the size of a ripe olive?

But much more colorful than that cocktail party staple? Maybe a brilliant blue, an iridescent green, or a stoplight red? Perhaps with a tail twice the size of its head? Or fins twice as wide as its body?

NEVER THOUGHT ABOUT IT? Well, if the idea appeals to you, there's a ready-made hobby waiting—tropical fish.

"It's the second most popular hobby in the world after stamp collecting," says Don Dewey, editor and publisher of *Freshwater and Marine Aquarium*.

And the industry has the statistics to back up his statement.

An extensive survey made in 1977 for Tetra-Werke, part of the multinational Warner-Lambert Corp., shows that 21 million Americans have tropical fish.

Ten percent of the 70 million households in the United States have at least one aquarium. Nearly 30 percent have two tanks or more.

Aquarists spend about \$700 million a year on supplies, equipment, and live fish. But the entry fee is modest. Nearly half laid out less than \$50 for their first aquarium setup.

Why do they start?

Ninety percent say because an aquarium is decorative. Thus, 54 percent of the tanks wind up in the living room or den.

Like stamp collectors, aquarists' ranks are probably swelled by a host of casual hobbyists. The Tetra-Werke survey found 35 percent active for less than two years.

Why do they drop out?

More than half indicate a lack of knowledge. That's avoidable. T. F. H. Publications, Inc., Neptune City, N. J., alone publishes 124 books on the subject. Other good sources of information are local aquarium societies. There are an estimated 360 to 500 of them.

That's where you're most likely to find the hard core of knowledgeable devotees. The Greater Akron Aquarium Society, Akron, Ohio, claims to be the biggest. It has about 350 members.

WILLIAM HIGLEY is a member of the Desert Aquarist Society. No, members don't specialize in fish native to the sand dunes of the great American desert. The society gets its name from its location in Tucson, Ariz.

"Washington Update" doubles its impact

Now there's a new edition of "WASHINGTON UPDATE" available every month of the year so that executives can receive twelve even timelier, specialized briefings—featuring

- analytical reporting of Washington events that affect business
- exclusive interviews with national leaders
- special action-oriented comments by National Chamber president Richard Leshner

Now available for greater flexibility in 1/2" Beta or VHS formats, as well as the 1/4" format.

Current subscribers find these video cassettes extremely valuable, they are renting them for

- management sessions
- staff reviews for special groups
- conventions
- association committee briefings
- board meetings
- staff report supplements
- in-house video network features

Carl Grant hosts these fast-paced 20-minute sessions. He is a former anchor on top-rated TV news programs, an Emmy nominee, and recipient of two Associated Press investigative-reporting awards.

WASHINGTON UPDATE/
Broadcast Group
(202) 659-3167
Chamber of Commerce
of the United States
1615 H Street, N.W.
Washington, D.C. 20062



- ☐ Twelve-edition rental subscription @ \$395 (Subscriber savings of \$65 over the single rental price)
 - ☐ Single five-day rental @ \$40
- The format we need is:
- ☐ 1/2" ☐ Beta ☐ VHS
 - ☐ Bill me ☐ Payment enclosed (Please make checks payable to Chamber of Commerce of the U.S.)

Name _____ Title _____
Organization _____
Street Address _____ Phone () _____
City/State _____ Zip _____

NB 2/80



Starting point for many aquarists is the day they take home a goldfish in a water-filled plastic bag.

Mr. Higley has had his own aquarium for only about four years. "That was when I moved to Tucson," he explains. He lives in a mobile home on the outskirts of town.

Mr. Higley grew up with tropical fish in Hammond, Ind.

"My parents bought some fish for me when I was a little kid," he explains. "They used to plant me in front of the aquarium instead of turning on the TV set. It was fascinating to watch the fish. I could do it by the hour."

He thinks he knows why.

"They look so comfortable in their environment, swimming in that little bit of water they have. And the way they interact with each other."

It's something, he believes, like visiting an underwater world—without having to climb into a wet suit and strap on an oxygen tank. Something like scuba diving—dry—in the parlor.

Most of the world, hobbyists point out, is covered with water. Some of the most beautiful parts of the world—like coral reefs—are submerged.

When Mr. Higley moved to Tucson, where he's assistant manager of the auto body shop at Quebedeaux Pontiac, he wasted no time in getting a small aquarium. Now he has a 55-gallon tank that weighs about 750 pounds filled, plus 30-gallon and 15-gallon tanks and several others.

Like Jim and Nancy White, he keeps

saltwater fish as well as freshwater.

How does he get all those tanks into a mobile home? "It isn't easy," he says. "But the place would look empty without them."

THE WORLD may little note nor long remember, but one of these days it may be surprised with a strain of betta splendens whose males are all platinum blond.

To the average working stiff, that might be less than earthshaking. But not to betta breeders.

Once there was a pale-bodied betta splendens male. But it vanished from the face of the earth. Take Judith Schmitz' word for it. She has been a fish fancier for only a few years, but she is a betta splendens expert.

Along with guppies and goldfish, betta splendens are one of the most popular aquarium fishes. They're popularly known as Siamese fighting fish.

Basically, they are pink with red fins. But breeders have developed many colorful variations—red, green, blue, and combinations, but not blond males.

"What happened," says Ms. Schmitz, "was that somebody spawned a Cambodian betta splendens and got a very light-colored male. But the person didn't keep spawning that fish, and the strain was lost."

"Nobody has been able to recreate it.

There are very light-colored females. But we can't get that light-bodied male. And I think that's where I'd like to head."

Ms. Schmitz is distribution department manager of National Sharedata Corp., Troy, Mich., and on the executive board of the Motor City Aquarium Society.

Her hobby has unplumbed depths and challenges that may not be common knowledge.

She and teacher Sharon Board make up a talented team. Their entries have won trophies in competitions all over the United States and in Canada.

The two share a townhouse as well as a hobby. Hence their nickname in aquarian circles—Room and Board.

Like their fellow hobbyists, they are always looking for new worlds to conquer in developing new or better strains of aquarium fish.

How do they hope to accomplish a feat worthy of Mendel—getting a blond male out of red, green, or blue bettas? "At this point," says Ms. Schmitz, "I've got a lot of studying to do."

GEORGE L. MOOD picked up his first pair of guppies when he was a teenager growing up in Hackensack, N. J.

"I was in high school," he says, "but I also ushered at the Fox movie the-

SEND FOR A
FREE COPY OF

"Planned
Giving
Opportunities"



Learn how
The Salvation Army
can help you enjoy a
worry-free future with:

- Guaranteed Life Income
(Partially Tax Free)
- Immediate Income Tax Deductions
- Attractive Return on Investments
- Elimination of Capital Gains Taxes
- Income for Loved Ones after Your Death
- Reduced Estate and Inheritance Tax
- No Investment Worries

CALL TOLL FREE:
800-228-5600 ext 734

Or Mail this Coupon to:



THE SALVATION ARMY

Planned Giving Department
30840 Hawthorne Blvd. WA-1
Rancho Palos Verdes, CA 90274

Name _____
Address _____
City _____ State _____ Zip _____
Date of birth _____

\$15,000,000 Loan Fund

Available to Executives
\$5,000, \$10,000, \$15,000
Entirely by Mail, Unsecured on
Your Signature Alone!

We understand your desire for emphatically
confidential service. Count on it! Use the
money for any purpose.

Competitive rates. No prepayment penalties.
Turn-around time a few short days.

Send coupon or call for short-form package.
It's brief and easy!

**THE BANKERS
INVESTMENT COMPANY**

PHONE 1-316-662-4431

Bankers Investment Bldg. • Lock Drawer 105
P.O. Box 1648 • Hutchinson, Kansas 67501



Mr. A. J. Walters, Bankers Investment Co.
Bankers Investment Bldg., Lock Drawer 105
P.O. Box 1648
Hutchinson, Kansas 67501

AMOUNT I WANT \$

Name _____
Address _____
City _____ State _____
Zip _____ Phone _____

Not available to residents of Calif.

The Immigrant Goldfish

Home sweet home to *Carassius auratus auratus*—goldfish to you—is the freshwater streams of eastern China.

In its native habitat, this flashy aquarium dweller was a Plain Jane.

The goldfish originated, says the U. S. Fish and Wildlife Service, as "a normally grayish-silvery fish closely related to and generally resembling the carp, though of smaller size."

The goldfish we know is an orange mutation of this drab cousin. But there are many more exotic strains—some black as starless nights, some multicolored swatches of calico, others with immense fantails or the head of a lion. They are man-made, the result of selective breeding.

The Chinese specialized in color variations. Many of the unusually shaped varieties are the work of goldfish fanciers in Japan, where *Carassius auratus auratus* arrived about 1500 A. D. About 200 years later, the oriental novelty became a hit in England. Its bright colors and striking features made it a jewel-like ornament to any aquarium.

Better still, it was no sickly weakling. The hardy little fish survived well in the artificial watery environment of a small glass container as well as in outdoor ponds. Soon, it gave the English language a new term for lack of privacy—goldfish bowl.

The lively, ornamental little fish arrived in the United States in the 1870s from the land that later gave us Sonys, Panasonics, Datsuns, Hondas, and Toyotas—Japan.

The newcomer was the foundation for the aquarist's hobby. But keeping fish is a pastime that "goes back to approximately 2500 B. C. when the pond culture of fish was practiced by the Sumerians," writes Don Dewey, editor and publisher of *Freshwater and Marine Aquarium* magazine.

"Archaeological research has shown that aquariums existed in ancient Egypt and Rome, and that even the famous Aztec ruler, Montezuma, kept both freshwater and saltwater garden basins for breeding and studying fish."

About 20 years after the goldfish arrived in America, the country's first aquarium society was begun in 1893 in New York.

Besides the little Chinese import, the only other tropical trophy available was the paradise fish. Today, there is an almost infinite variety of finny critters—guppies, bettas, cichlids from the Rift Lakes of Africa, killifish, and many saltwater species.

All have associations that encourage and assist hobbyists. For example: The Goldfish Society of America, the International Fancy Guppy Association, the International Betta Congress, the American Cichlid Association, the North American Native Fishes Association, the American Livebearer Association, the American Catfish and Loach Association, the Federation of American Aquarium Societies, the American Killifish Association, and the International Pan-chax Association.

ater. I wanted a pet, but we lived in an apartment.

"I noticed these fish in the pet store while walking back and forth from work. So I bought them and a little 2½-gallon tank for about \$2."

That was in 1932.

The 2½-gallon tank was like the biblical mustard seed. It flourished. At one time in his long career as an aquarist, Mr. Mood had 250 tanks of fish. Now he's down to 115.

He manages two apartment complexes, one in Matawan, N. J., the other in Laurence Harbor nearby. He keeps his tanks in a basement aquarium beneath his apartment and next door to his office.

Doesn't caring for 115 tanks of fish

somehow interfere with one's career—or vice versa? Not for Mr. Mood. He's a past president of the Exotic Aquarium Society of New Jersey and the North Jersey Aquarium Society and served on the board of the American Killifish Association.

His fish have won more than 80 show trophies and enough ribbons to make a quilt.

As far as his career is concerned, his hobby has proven an asset. When offered his present position, he said outright that he had to have time and room for his hobby.

"That's one of the things we like about you," his prospective employer said. "A guy like you couldn't have any time to spend in gin mills." □

Letters Are Better



Of the more than 100 billion pieces of mail it delivers each year, the U.S. Postal Service considers 3.5 billion to be personal letters.

A lot of those letters converge on Washington, D.C., in a dramatic fashion, such as the flood to the Embassy of Iran protesting the holding of American hostages in Tehran. Or the heavy flow of Christmas cards to Iran for delivery to the hostages.

But Americans are not the devoted letter writers they once were. Many have turned to the telephone for communications, especially to family members and friends.

Yet many messages are best expressed by a letter

and indeed require one. For example, seeking a job, unscrambling a credit problem with a cantankerous computer, or communicating with businesses or customers is best done through the written word.

And of late, more and more Americans, resentful of big government, inflation, high taxes, and other civic and social problems, have taken to writing to Washington and the statehouses.

Yet Assistant Postmaster General Walter E. Duka thinks America's letter-writing skills are withering; many young people—and adults, too—are unable to express themselves cogently in writing.

To rekindle interest in the lost art of letter writing,

the postal service and the National Council of Teachers of English are sponsoring the first annual National Letter Writing Week—Feb. 24 through March 1.

It is not an odd idea. Japan, for example, has a national letter-writing day each month, and several European nations have letter-writing weeks each year.

Here in the United States, there will be 160 million stamps printed to highlight three principal aims of letter writers: Lifting spirits, preserving memories, and influencing opinions.

One stamp design, showing the Capitol sliding into an open envelope, should be a favorite with business organizations, trade associations, and special interest groups.

Congressmen, hard to reach by telephone, use their mail to gauge public opinion. In the past few years, they have had plenty of opinions to gauge from personal letters and postcards sent by aroused constituents.

Robert V. Rota, postmaster of the House of Representatives, says mail processed by his office has grown every year since he took over in 1972, from

43 million to 150 million pieces in 1979.

Major issues such as hostages in Iran or impeachment of a president draw the most mail, he says, and "the 15-cent stamp is still the cheapest method of communication between constituents and Congress."

John L. K. Thomas, director of congressional action services at the Chamber of Commerce of the United States, says: "Any congressman will tell you the amount of mail is up. More business people are writing the Hill because they are more aware of what is going on in Congress and how it affects them."

In a typical representative's office, the 1,000 to 1,500 personal letters received during a calm month are more



Move up your move-in day.

Build with Cuckler.

The components for most Cuckler steel building systems are already built. So they can be assembled and delivered to your site quickly.

And once at your site, they go up quickly, too. Because your Cuckler builder is well-schooled in the system.

You avoid costly construction delays. Your costs are more pre-

dictable. And you're in business sooner.

Many package sizes are available, with hundreds of options. And every package is precision fabricated using top-quality materials.

Your nearby Cuckler builder can help you get what you need. Consult your Yellow Pages, or mail coupon below. Plants in Monticello, Iowa and Turlock, California.

How to Get Your Views Across to Congress

- Write on your personal or business letterhead if possible.
- Be sure your exact return address is on the letter, not just on the envelope.
- State the name of the legislation that concerns you and the bill number if you know it.
- State your reasons for writing. Your own personal experience is the best supporting evidence.
- Avoid stereotyped phrases and sentences that give the appearance of form letters.

highly valued than the computer-generated card.

Says one staffer: "Once you've seen a postcard campaign—SALT or balance the budget or whatever—you don't need to see any more of them. All you need to do is count."

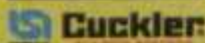
Adds another: "The person who takes the time to put his thoughts in a letter is listened to. That is a person who is truly concerned."

Personal letters are also used by Americans to express their feelings and concern about public figures such as Darryl Stingley, a professional football player paralyzed in a game, who has received thousands of letters.

Postmaster General William F. Bolger believes that "despite the dramatic innovations in technology—laser beams, fiber optics, memory chips, satellites—that are changing the way we communicate, the written word is still important and always will be." □



MAIL TO:
Cuckler Building Systems
P.O. Box 438
Monticello, Iowa 52310



☐ Please send more information on Cuckler Building Systems.

☐ Please call me for an appointment.

NAME _____ TITLE _____

FIRM _____

STREET _____ COUNTY _____

CITY _____ STATE _____ ZIP _____

PHONE _____ Area Code _____

My building will be used for: _____

Should the U. S. Spend More on Defense?

AFTER an eight-year military retrenchment caused mainly by the Vietnam war backlash, Congress and the administration are trying to decide whether to increase defense spending.

For fiscal 1981, President Carter plans to seek congressional approval of \$157 billion in military appropriations, an increase of more than five percent over his request for the current year. He also proposes a five-year increase in military spending of 4.5 percent annually.

A growing number of Americans wholeheartedly approve, citing ominous statistics such as the Soviet Union's lead over the United States in total military manpower (3.2 million to two million), tanks (five to one), artillery (ten to one), major warships (523 to 260), and tactical warplanes.

Obviously confident of their military capabilities, the Soviets have grown more adventurous, as illustrated by

their invasion and occupation of Afghanistan. Outnumbered and outgunned, NATO forces in Europe are openly skeptical about their ability to repel any similar Soviet advances there, using only conventional forces.

The public debate over the SALT II treaty has underscored weaknesses in America's strategic forces as well. The Soviets deploy more land-based intercontinental ballistic missiles than the United States and more submarine missile-launching tubes (950 to 656). The only remaining category of clear-cut U. S. strategic superiority is the manned bomber fleet.

Finally, many political and military analysts argue that the Iranian crisis proves the urgent need for a nonatomic military force capable of responding rapidly to threats anywhere in the world.

Critics of increased defense spending counter that a nation in which one out

of five citizens is classified as living below the official poverty level can ill afford to boost military expenditures. The \$60 million needed to build a single C-5A jet transport, for instance, could feed 12,000 families of four for a single year.

Says one outspoken opponent: "Pumping vast billions more into military hardware will do little to strengthen America's posture abroad, but it could do a lot to weaken this country's internal strength."

Also, opponents of increased defense spending say the United States already has thousands of nuclear warheads stockpiled. Along with existing delivery vehicles, this strategic arsenal provides more than adequate overkill capacity, critics add.

Many of the arguments on both sides appear convincing. What do you think? Should the United States spend more on defense? ☐

PLEASE CLIP THIS FORM FOR YOUR REPLY

Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should the U. S. spend more on defense?

☐ Yes ☐ No

Comments: _____

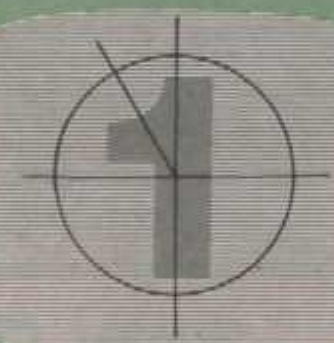
Name _____ Title _____

(PLEASE PRINT)

Company _____

Street address _____

City _____ State _____ Zip _____



MAKE IT YOUR BUSINESS
TO WATCH

"IT'S YOUR BUSINESS"

Now on TV stations across the country: "IT'S YOUR BUSINESS" ... a program you won't want to miss ... provocative, no-holds-barred confrontation on business, economic, and political issues. Each week, leading figures from business, government, and the professions take on the issues and each other.

The issues that affect you directly—energy, taxes, inflation, regulations, white collar crime, to name a few. It's an exciting half-hour as current as today ... and it's produced weekly by the Chamber of Commerce of the United States. Moderator: TV news personality, Karna Small.

For details contact: William Dalton, Broadcast Group, Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20062 (202) 659-3167.

**WATCH FOR IT
ON TV IN YOUR AREA
BECAUSE**



"IT'S YOUR BUSINESS" IS NOW ON:

STATION MARKET LOCATION

WPIX	New York, NY
KWHY-TV	Los Angeles, CA
WFLD-TV	Chicago, IL
WKBS-TV	Philadelphia, PA
KBHK-TV	San Francisco, CA
WSBK-TV	Boston, MA
WKBD-TV	Detroit, MI
WJLA-TV	Washington, DC
WAKR-TV	Cleveland/Akron, OH
WIBC-TV	Pittsburgh, PA
KHOU-TV	Houston, TX
KDNL-TV	St. Louis, MO
WCIX-TV	Miami, FL
WTBS	Atlanta, GA
KSTW	Seattle/Tacoma, WA
WTVT	Tampa/St. Petersburg, FL
WMAR-TV	Baltimore, MD
WVIT-TV	Hartford/New Haven, CT
KOA-TV	Denver, CO
KTXL	Sacramento/Stockton, CA
KGTV	San Diego, CA
WVTV	Milwaukee, WI
KBMA-TV	Kansas City, MO
WKRC-TV	Cincinnati, OH
WUTV	Buffalo, NY
WNGE	Nashville, TN
KNXV-TV	Phoenix, AZ
WPTY-TV	Memphis, TN
WBNS-TV	Columbus, OH
WKZO-TV	Grand Rapids/Kalamazoo/Battle Creek, MI
KGMC	Oklahoma City, OK
WLKY-TV	Louisville, KY
WDTN	Dayton, OH
WGCB	Harrisburg/York/Lancaster/Lebanon, PA
WAVY-TV	Norfolk/Portsmouth/Newport News/Hampton, VA
WRGB	Albany/Schenectady/Troy, NY
WAPI-TV	Birmingham, AL
KMOL-TV	San Antonio, TX
WNEM-TV	Flint/Saginaw/Bay City, MI
WDHO-TV	Toledo, OH
WKRQ-TV	Mobile, AL/Pensacola, FL
WSLS-TV	Roanoke/Lynchburg, VA
WHO-TV	Des Moines, IA
WWBT	Richmond, VA
WCTJ	Jacksonville, FL
WLUK-TV	Green Bay, WI
WOKR	Rochester, NY

STATION MARKET LOCATION

KMPH	Fresno, CA
WQAD-TV	Davenport, IA/Rock Island/Moline, IL
WDEF-TV	Chattanooga, TN
WICS	Springfield/Decatur/Champaign, IL
WNNE	Portland/Poland Springs/Hanover, ME
KOAT-TV	Albuquerque, NM
WPEC	West Palm Beach, FL
WJNL-TV	Johnstown/Altoona, PA
KDUB	Cedar Rapids/Dubuque, IA
KYTV	Springfield, MO
KHGI-TV	Lincoln/Hastings/Kearney, NE
WKYT-TV	Lexington, KY
KZAZ	Tucson, AZ
WFFT-TV	Fort Wayne, IN
KELO-TV	Sioux Falls/Mitchell, SD
WOWL-TV	Huntsville/Decatur/Florence, AL
WLTX	Columbia, SC
WPTZ	Burlington, VT/Plattsburgh, NY
KKTV	Colorado Springs/Pueblo, CO
WOPF-TV	Rockford, IL
WDIO-TV	Duluth, MN/Superior, WI
KNOE-TV	Monroe, LA/El Dorado, AR
WYEA-TV	Columbus, GA
KADN-TV	Lafayette, LA
KEYT	Santa Barbara/Santa Maria/San Luis Obispo, CA
WCSC-TV	Charleston, SC
WJCL	Savannah, GA
WICZ-TV	Binghamton, NY
WINK-TV	Rt. Myers, FL
KCBJ-TV	Columbia/Jefferson City, MO
WGBI-TV	Columbus/Tupelo, MS
WPBN-TV	Traverse City/Cadillac, MI
WECA-TV	Tallahassee, FL
KHSL-TV	Chico, CA
WVH-TV	Bangor, ME
KERO-TV	Bakersfield, CA
KCFW-TV	Missoula/Butte, MT
WDHN	Dothan, AL
KID-TV	Idaho Falls, ID
WBTW	Florence, SC
KCMT	Alexandria, MN
KPLC-TV	Lake Charles, LA
KECC-TV	El Centro, CA/Yuma, AZ
KIEM	Eureka, CA
KESQ-TV	Palm Springs, CA
WAGM-TV	Presque Isle, ME

BROUGHT TO YOU BY:



AMWAY CORPORATION—one of the most extensive personal selling companies in the world . . . with six different product groups being sold by more than 300,000 independent, self-employed distributors.



ANHEUSER-BUSCH, INC.—The nation's largest brewer, producing such popular beers as Budweiser, Michelob and Anheuser-Busch Natural Light . . . also the leading producer of baker's yeast, and an organization with extensive interests in family entertainment, can manufacturing, transportation, mail production, baseball, and real estate.



LOCTITE CORPORATION—the largest manufacturer of special adhesives and sealants . . . used in the fields of industrial manufacturing and repair, as well as home-and-car do-it-yourself repairs.



THE SAVINGS & LOAN FOUNDATION, INC.—a nonprofit corporation, organized by leaders in the savings and loan business to make the American people conscious of the purposes, functions, activities, and services rendered by insured savings and loan associations.

Clean Air—95 Percent Is Good Enough

WHILE CLEAN AIR is favored by everyone who breathes, the majority of readers who responded to the December Sound Off question agree that the cost of pollution control is too high.

Summing up the majority's position is George M. Boswell, sales representative in Fresno, Calif., for U.S. Steel Corp. "Everyone wants clean air," he says, "but where has reason gone? The economic impact of closing businesses will impoverish areas accustomed to prosperity. Ninety-five percent is good enough until technology and economics dictate improvement."

"I do believe that the cost of clean air might get to be too high," says Robert H. Garmoe, owner of Garmoe Distributing, Franklin Park, Ill. "But where do we draw the line?"

"If we start being lenient, too much laxity might bring us back to real pollution. We don't need more government controls, as we have too many now, but if we could regulate with sufficient certainty of compliance, exorbitant expenditures could be avoided."

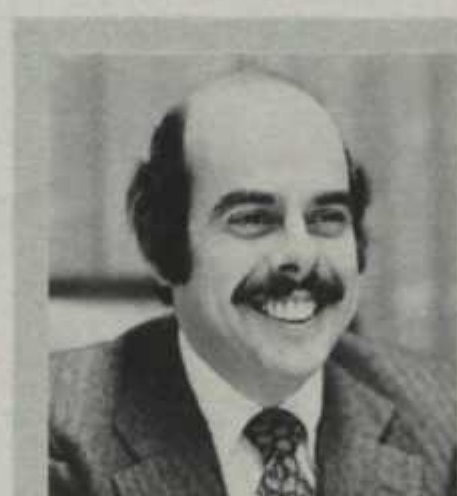
What have you gained?

For many respondents the question simply created further questions rather than answers. "It's important that we have clean air, but if the cost to produce this clean air is so great that it bankrupts business, what have you gained?" asks Norris Hart, owner of Hart's Shoes and Men's Wear, Canby, Oregon.

"It's something like taxes. If you tax people into the poorhouse and then have to support them, what have you gained?"

Just as few of those who think the cost is too high would deny that clean air is desirable, those who favor the regulations agree that the price tag is high.

Marshall Sewell, Jr., director of development of Muhlenberg Hospital, Plainfield, N. J., writes: "Our state has a large petrochemical industry, heavy traffic, and the highest incidence of cancer in the United States. The country has made progress in cleaning up the air while still managing to main-



"As we modernize, expand, and revitalize American industry in the 1980s, we are fortunate to have in place laws protecting public health and the environment which have led to and will continue to bring about great advances in pollution control."

"By applying these laws today, we will diminish the need for more costly solutions and equipment in future years."

Rep. Henry A. Waxman (D-Calif.)



"The air quality laws in place today threaten to end industrial growth all across the country and destroy our ability to compete in the world market."

"Flaws in the philosophy governing standard-setting and flaws in the process by which those standards are enforced lead to an extremely pernicious distortion in our economy. We are creating an artificial scarcity of air resources."

Rep. David A. Stockman (R-Mich.)

tain the world's greatest technology.

"With fossil fuel in our future, we must protect these advances.

"The solution is more energy conservation and a gigantic push for new, clean, safe energy sources. It will be costly, but, considering the alternative, it will be a bargain."

And many believe that the value of present standards could be greatly increased if the government's role were decreased. "It is time that we allowed the free market forces to take over," says Capt. F. J. Adam, of Fayetteville, Ga., a pilot for Eastern Air Lines.

"Decontrolling fuel prices will reduce consumption and therefore pollution. The rules today are more than adequate for the rest of this century."

Les Schumacher, plant manager of Hexcel-Specialty Chemicals, Lodi,

N. J., points out: "Many companies cannot afford the extra cost in cleaning up the remaining five percent. Many urban companies would relocate rather than invest large sums of capital in old facilities. This would add to the present urban crisis."

Donald Bussey, projects manager for Kaiser Refractories, Moss Landing, Calif., says: "The air must be cleaned, but we are moving too fast at too great a cost."

"A more effective job could be done with good background information and a little more planning on actions taken. Let industry innovate for results, and all might be surprised."

Others like Louis N. Johnson, vice president of the J.H. Herche insurance agency, Jamesburg, N. J., disagree. "The idea of a self-policing

Kids don't knock "the system" when they know how it works.

SPONSOR "ECONOMICS FOR YOUNG AMERICANS" A PROVEN EDUCATION PROGRAM FOR SECONDARY SCHOOL STUDENTS.

Thanks to people like you, 12 million students in secondary schools and junior colleges across the nation no longer yawn at the word "economics," rail at the idea of profit, or feel that "Business" has nothing to do with them. They have discovered the positive nature of America's competitive enterprise system and its direct relevance to their lives, both present and future. Developed by teaching professionals for the National Chamber, "Economics For Young Americans" is a proven program of education which explains "the system" in ways which promote excitement and sustain interest.

Composed of filmstrips, cassette recordings, printed scripts and a teacher's guide, *one kit* can serve an entire school and hundreds of students. At \$40 per kit, that's quite a bargain.

Phase I explains Profits, Productivity, Money and Business/Ecology.



Phase II deals with Paychecks, Pricing, Business Competition and Savings.

Phase III, which will be available for distribution shortly, covers Investments, Careers/Jobs, World Trade and other Economic Systems.

If your area still doesn't have "Economics For Young Americans," this is your opportunity to sponsor distribution, your chance to help young citizens learn more about the way our competitive enterprise system works.

Do your part for the future health and strength of "the system." Send for further information or order today.

Economics for Young Americans

Mr. Robert H. Moxley, Project Director (202/659-6183)
Chamber of Commerce of the United States
1615 H Street N.W., Washington, D.C. 20062

We would like to make it possible for the students of _____
(schools) in _____ (county) _____ (state)
to broaden their knowledge of basic economics by having ECO-
NOMICS FOR YOUNG AMERICANS kits in their school(s) during
the 1979-80 year.

If the area I've picked is covered, you may place these EYA
Kits elsewhere in our state since I realize how important
it is for all students to learn about the enterprise system.

No. wanted _____ PHASE I @ \$40 \$ _____

No. wanted _____ PHASE II @ \$40 \$ _____

TOTAL _____ \$ _____

- ☐ Bill me.
☐ Payment enclosed (make checks payable to Chamber of
Commerce of the United States).
☐ I am willing to have my local chamber handle distribution.
☐ If there is no local chamber, have the National Chamber
make distribution.
☐ I will make distribution myself.
☐ Please send further information.

NAME _____ PHONE _____ / _____

ORGANIZATION _____

STREET ADDRESS _____

CITY _____ STATE _____ ZIP _____

Performance Outlook for Precious Metal Futures

—HEINOLD RESEARCH BULLETIN—

"The Economic Outlook for 1980"

What will be the economic repercussions of OPEC, the crises in the Middle East, and world-wide inflation?

And how has the recent period of social and economic instability affected precious metal markets?

Innovative Heinold Research reports on likely economic trends in 1980, as well as the price outlook for precious metals.

The new Heinold bulletin is valuable reading for planning your 1980 investment program.

SEND FOR YOUR FREE COPY TODAY!

HEINOLD **COMMODITIES**
INC. Associated with Heinold
Mag & Commodity

Heinold Advertising Dept.
P. O. Box C-423
Pelham Manor, NY 10803

H-113

☐ Please send me Heinold's
Economic Outlook.

Name _____

Address _____

City _____ State _____

Zip _____ Phone _____

FREEDOM 2000

Designed to correct common misinformation about business, this 22-minute, 16-mm film has a science fiction framework and colorful Hanna-Barbera animation to make it suitable for all ages. Rental: \$15 for seven days. Sale: \$140.

ORDER:

Films and Slides to
Explain American Business
Chamber of Commerce
of the United States
1615 H Street N.W.
Washington, D.C. 20062

For further information, contact Special Projects Division, Chamber of Commerce of the United States (202/659-6183).

Nation's Business Reprints

Order your
personal copies
of these
timely articles
today!



SMALL BUSINESS
Five Big Problems p. 22

CAMPAIGN '80
The Political Consultant p. 32

LESSONS OF LEADERSHIP
The Lawyer Who Rides
and Drives Greyhound p. 52

Send your order and check to:

Nation's Business Reprints
1615 H Street N.W. (202) 659-6029
Washington, D.C. 20062

1 to 9 copies	\$1.49 each
10 to 29 copies	.98 each
30 to 99 copies	.69 each
100 to 999 copies	.49 each
More than 1,000 copies, please call.	
Reprints from past issues are available.	

**Request our FREE complete
new reprint catalog.**

industry is both naive and dangerous," he says. "If we can put a man on the moon, we should be able to build clean. We need fewer do-nothings in Washington, D.C., more people to enforce regulations, and fines steep enough to make dirty industry a bad road."

Senior citizens

But pristine air seems a very costly road to some. "What good is clean air, when it is so expensive trying to keep oneself warm and also have a hot meal?" asks L. J. Kreizwald, owner of J. X. Kreizwald Plating Co., Salem, Ohio. "No one seems to care about our senior citizens who are on fixed incomes or even the unemployed. This country can't reach 100 percent employment, so how can it expect to obtain 100 percent clean air?"

Wayne Bloechl, president of USA Industries, Santa Clara, Calif., would set some limit. "I believe that after a 90 percent reduction in pollutants, the costs far outweigh the results in obtaining cleaner air standards."

Fred Basel, proving grounds manager for Uniroyal Tire Co., Laredo, Texas, suggests: "If we were to provide a profit motive instead of regulation to the problem, we could have clean air and progress, too."

While those connected with the automobile industry generally responded that costs for clean air were too high, Charles A. Meadows, executive vice president of Rayl Ford-Lincoln-Mercury, Inc., Hutchinson, Kans., says: "We are the custodians of this earth. We will not get a second chance if we goof the first time. It may already be too late. Some of the desecration of our environment is irreversible."

Acid rains

Gordon A. Prouty, president of Prouty Farms, Inc., Acampo, Calif., agrees. "I am a farmer and I think that no price is too high. To have food we must have clean air."

"If you don't think so, just look at acid rains that are killing our crops. For the American people to eat, we must have clean air."

Whether the answer was yes or no, respondents generally indicated that they found the question a complex one that touches the lives of everyone.

"Clean air is essential," says H. E. West, president of Loomis Electric, Inc., Akron, Ohio. "Where the problem lies is in the timetable. The goals are not realistic. More time is needed. You can't undo in five years what you have spent 100 years creating." □

Any way you look at it
**It's Your
Business**



to come to the
**U.S. Chamber's
68th Annual
Meeting**

APRIL

27 28 29

These are important dates for American business people—the three days in which the Annual Meeting of the Chamber of Commerce of the United States will be held in Washington this year.

The meeting will focus on the theme,
"It's Your Business."

Program highlights:

- Insights from outstanding program participants on key issues affecting business now and in the decade ahead.
- Displays and exhibits to provide a multitude of useful ideas.
- How the Founding Fathers would react to 1980... an imaginative, intriguing panorama combining live action and slides.
- A memorable opening session ceremony at historic Constitution Hall.
- A variety of interesting and informative new activities.

But it won't be *all* business. There will be a special reception and the gala annual dinner where the emphasis will be on entertainment. Find out more about this important event by filling out the coupon below.



68th Annual Meeting
Chamber of Commerce
of the United States
P.O. Box 114
Kensington, Maryland 20795

Please send additional
information to:

Name _____ Phone _____

Firm/Organization _____

Street Address _____

City/State _____ Zip _____

AM NBQ260

Money Manager Trusts the U. S. Treasury

Paul K. Robertson couldn't sell a U. S. Treasury bill to his mother for one simple reason: Her passbook at the local savings and loan association was at least 40 years old.

"We are up against a psychological mindset that has faith in banks and savings and loans," says Mr. Robertson, who is cofounder and president of the Capital Preservation Fund, Inc., based in Palo Alto, Calif. "People are not really all that keen on something new."

Money-market funds like Mr. Robertson's firm are not all that new either, but their exposure and accessibility to the small investor—\$1,000 minimum investment—are relatively recent. The firm's primary objective is to preserve capital and maintain high liquidity by investing exclusively in short-term Treasury bills.

"Uncle Sam's IOU is the safest piece of paper in the world," says Mr. Robertson, who spent 15 years practicing law before easing into financial management. "It is a riskless asset."

Mr. Robertson believes that buying Treasury bills is the best hedge against inflation if the investor also needs

ready cash available. "Inflation results primarily from a debasement of the currency in one form or another," he says. "In Roman times, they added base metals to the gold coins. That was inflation. Today, we just print more paper."

"Oddly enough, investors can protect themselves against the inflation the government creates through borrowing by lending the government the money."

"The interest rate on Treasury bills roughly parallels the rate of inflation. About \$185 billion worth of Treasury bills is floating around, 50 times the size of the New York Stock Exchange."

"We could sell our entire portfolio tomorrow, one phone call, one sale, one day, and not make a dent in the market," says Mr. Robertson. That portfolio has grown by bulges—at the end of 1979, Capital Preservation had \$490 million in assets, compared with \$115 million at the start of the year. The increases stem from the rising number of small and medium-sized companies that want to earn interest on their cash flows.

Capital Preservation is paying more than 12 percent interest on an annual basis to about 36,000 investors, who also have withdrawal privileges for checks of more than \$500.

The fund is also used by savers and those who simply want a parking place for cash between other investments.

What if the government suddenly mended its profligate ways and started living within its income? Would that mean the end of Capital Preservation?

"It is not politically feasible for the government to stop borrowing," says Mr. Robertson. "The government is in the habit of spending more than it takes in. And even if it included in the budget all its income and outgo, which it doesn't do, and spent only revenues, which it will never do, the government would still have to borrow because revenues would rarely match the rate of disbursements. So there would still be Treas-

ury bills. And, of course, Capital Preservation."

The firm's fee is one half of one percent and declines 0.05 percent per \$100 million invested. "It works out to about four cents a day for each thousand dollars."

Mr. Robertson's mother surprised him one day by saying she had finally bought a Treasury bill. "She thought she had a T-bill," says Mr. Robertson, "but what she really had was a savings account with the rate tied to the T-bill rate. We kid at the office: When is a Treasury bill not a Treasury bill? When it's issued by a savings and loan."

Self-Marketing School for Job Seekers

Catherine Helms-Bell is not 58 years old and has never been fired from a job. But she does know how to help people who have.

"It may be hard for some of us to admit," she says, "but we as job seekers are not unique... the basic problems of jobs or careers are uniform."

Career Change Centers, Inc., Washington, D. C., is in the business of inventorying personal assets of individuals and teaching them self-marketing.

"The reasons people seek new employment are very different," says the president of the three-year-old company. "It may be due to termination, retirement, or just dissatisfaction with the current job or salary. There are a hundred different reasons, but the needs of those people in learning how to market themselves are the same."

"My business is giving people what they need most when looking to change jobs—a little bit of coaching, a little bit of guidance, and an infusion of confidence."

Personally, Ms. Helms-Bell bubbles with confidence, and she has never had a tough time finding a job.

"When I was younger, I had a more mundane outlook as to what I wanted to do with myself," she recalls. "Then I realized that I thrive on new ideas and challenges. I was not satisfied with just a



Paul Robertson, whose hobby is playing jazz, believes that Treasury bills are a versatile investment for small firms.



Catherine Helms-Bell once helped a nun change careers.

job. I knew I was going to have to create my own excitement jobwise."

She started accumulating experience in the personnel field with a retail establishment in Washington.

"Being in corporate personnel, I was inundated with sloppy resumes and unsophisticated techniques used by people trying to secure an interview. While I was there, I began to formulate the idea of a service organization that would teach people how to market themselves, while making them aware of the realities of employment in today's market."

Ms. Helms-Bell, who has been in the career development field for 14 years, estimates that about 45 people per week seek assistance from Career Change Centers.

One she remembers most vividly was a 43-year-old woman who had been a Roman Catholic nun for 20 years.

"For most of that time, she had been involved in program and curriculum development for the school systems and wanted to stay in the education field. We did her resume, some job market research, and put together a complete marketing package for her. It took a couple of months, but she became a private consultant to the federal government on educational program development and social service contracts."

Career Change offers several basic services including resume and cover-letter writing, typesetting and printing, job market research, mass mailings, and interview preparation sessions. But the most utilized service is the resume preparation.

"A resume," says Ms. Helms-Bell, "is a marketing tool. It's like putting a label on a can of peaches. When there are ten kinds of peaches on the shelf, what catches the shopper's eye is the labeling. If you stick a plain tin can on the shelf with the others, no one will buy it even if it costs less."

Daddy Has the Midas Touch

William J. Strickland preferred cars to hamburgers when he decided to go into business for himself and his family.

"I'm trained as a mechanical engineer, and I had worked in industry for 15 years. I had tried to put together an idea for starting my own business for some time, but found that raising the needed capital was always too difficult."

Mr. Strickland learned about franchising from a friend, and although he likes McDonald's hamburgers, cars were more his forte. "A Midas Muffler franchise seemed so logical," says Mr. Strickland. "It was a terrific opportunity because there will always be a market for those services, and I have always loved cars."

With a government loan guarantee and help from Midas, Mr. Strickland opened his first shop in August, 1969. Today, he has four shops in and around Chicago and a business partner.

"I think there is a big difference between starting your own business and becoming a franchisee. Certainly, more financial opportunities and management assistance are available. Franchising was a way to make my dream come true."

Mr. Strickland thinks of replacing mufflers and repairing cars as artistic work. There is a lot of skill involved, and a person must have natural ability to do the job and pride in doing it well, he says.

"It's as hard for a person with no mechanical aptitude to work on a car as it would be for me to produce gourmet dishes. If you have an aptitude for mechanics, it's simple. If you do

not have that talent, it's very difficult."

Mechanical aptitude must run in the family—Mr. Strickland's five-year-old daughter Joy has already dismantled her tricycle and mastered her erector set.

"I am building up the business with the thought that Joy might one day take over," says Mr. Strickland. "That has always been in the back of my mind. Of course, it would be her decision. And if she decides not to go into it, I won't feel badly about it."

What about hiring women mechanics?

"I find that most women cannot handle the exhaust system parts," says Mr. Strickland. "It's a strenuous job. But then again, I would not hire a man who could not lift the parts. Each mechanic must be able to do all phases of the job."

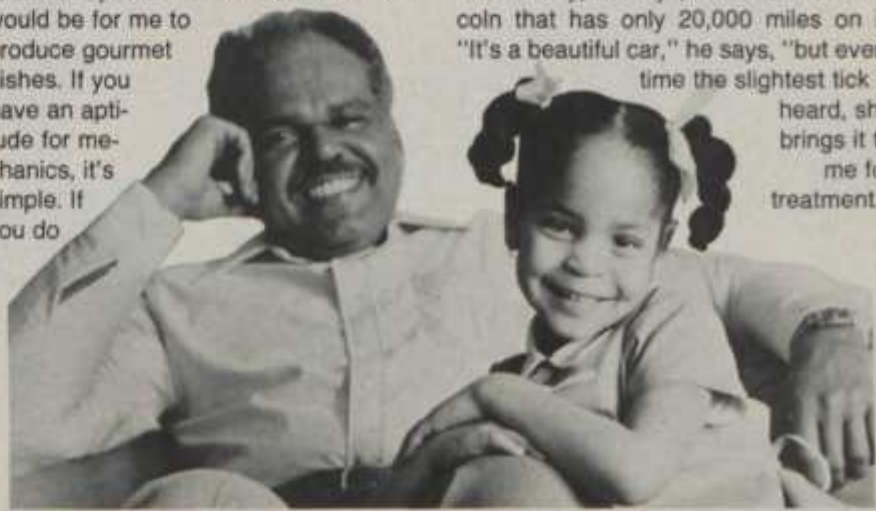
"So, if a female wants the job, and she can do that job on an equal basis, there would be no problem."

Mr. Strickland, whose wife Yvette is studying for her doctoral degree in child psychology, says he enjoyed his years on the factory floor, "but there is much more pleasure in owning your own business."

It's a pleasure, he says, to give your best service to your customers. "But no one in the retail business can satisfy every customer. Although it is my personal philosophy to try to do so, unsatisfactory work sometimes results, either from a customer trying to get something for nothing or a misunderstanding involving the work done."

Although Mr. Strickland rarely receives visits from customers like the ones in the Midas television commercials, several elderly patrons bring their cars into his shops when even the slightest squeaks are heard.

One lady, he says, drives a 1956 Lincoln that has only 20,000 miles on it. "It's a beautiful car," he says, "but every time the slightest tick is heard, she brings it to me for treatment."



William Strickland opened a Midas Muffler franchise for his wife and daughter Joy.



I WANT YOU
FOR U.S. ARMY

NEAREST RECRUITING STATION

NATIONAL SERVICE Uphill All the Way

By John M. Eddinger

ARMED SERGEANTS used to tell raw recruits: "You, you, and you will volunteer."

The same marching orders would be given to the nation's youth under a proposed national service system now being considered in Congress to replace the once-popular all-volunteer military.

The national service concept draws bipartisan support, but is understandably not too popular with those directly affected. However, the problems that have beset the nondraft military are the main impetus for looking again at national service.

Giving of ourselves

The arguments on both sides range from emotional appeals to patriotism to practical solutions to defense needs. Says Harris Wofford, chairman of the Committee to Study National Service: "Such a service would deal with the predicament of young people who need opportunities to learn to be productive and serve others, yet of whom little is asked except that they be consumers of goods and services."

The Rev. Theodore Hesburgh, president of Notre Dame and cochairman of the committee, adds: "The heart of the trouble is to be found in the way we look upon the idea of giving part of our lives to the service of others."

National service would teach citizenship, supporters point out, and help youths to mature.

Rep. Paul N. McCloskey (R-Calif.) thinks his alternative to a straight military draft would reawaken America's traditional volunteerism. His proposal would require all young people reaching the age of 18 to volunteer for one of three options:

- Two years of military service at subsistence wages in return for four years of education or training.
- Six months of military service, followed by five and a half years in the reserves.
- One year of civilian service to the community, including forestry conservation and work with the retarded, aged, or handicapped.

Those not volunteering would be placed in a lottery pool from the ages of 18 to 24 and would be eligible to be drafted for two years, but with only two years of educational or training benefits.

Would the nation's young people accept the idea of a national service system?

Pollster George Gallup says a recent survey shows widespread support—75 percent—for a system in which youths had the option of one year of military or civilian service after completion of high school or college. But only 15 percent of the young people surveyed said they would definitely volunteer; 20 percent indicated they might; 57 percent said they would not; and eight percent did not know.

Of those who would definitely volunteer, 23 percent preferred civilian service, 11 percent would join the military, and the rest were undecided.

But several groups dispute the Gal-

lup findings. Larry Bateman, president of the Student National Education Association, calls the plan repugnant. He says the concept is a way of "tempting and tricking our youth and our nation into mandatory national service."

Such a system provides cheap labor to do the nation's dirty work, he adds, performing necessary jobs that society wants done, but for which it is unwilling to pay good wages.

Greater social costs

Those who oppose mandatory service say its social costs would be even greater than its budgetary cost, disrupting the economy by taking youths out of productive employment and putting them in make-work jobs.

What would be the monetary costs? Bernard Anderson, chairman of the National Council on Employment Policy, believes that conventional economic analysis is inadequate for determining whether the costs would be justified, but he provides three estimates if all those eligible took part:

- If youths were paid subsistence wages of \$3,000 a year, the program would cost \$12.6 billion in 1980 and \$10.3 billion in 1990.
- If the minimum wage of \$5,550 were paid, the program would cost \$23.4 billion in 1980 and \$19 billion in 1990.
- If youths were paid at the \$10,500 level of the all-volunteer army, the costs would rise to \$44.2 billion in 1980 and \$36 billion in 1990.

"When the national service program is compared to other programs, even ignoring the indirect costs, it is very expensive," adds Mr. Anderson. "Even if only half of the eligible youths participated in 1980, this program would

Argentina TODAY

A MONTHLY COMMENTARY ON DEVELOPMENTS #5

BRIDGES AND ROADS

Because of its extensive territory, the distances between the great producing centers, and the need of moving a huge volume of agricultural staples, the Republic of Argentina maintains a large road system. A government agency known as "Vialidad Nacional" is in charge of building and upkeep of the main highways, especially those connecting the nation with neighbor countries. In recent years this agency has undertaken public works of great significance to overcome natural barriers. Among them are the following:

The Zarate-Brazo Largo complex provides a highway and railroad link between the provinces of Buenos Aires and Entre Rios, about 80 kilometers (50 mi.) north of the city of Buenos Aires. It includes two 550 meters ($\frac{1}{2}$ mi.) bridges, each spanning the Parana de las Palmas and Parana Guazu rivers, completing a group of works that in the future will allow the interconnection of Argentina with Brazil, Paraguay, and Uruguay. This project shortens time and distances for land transportation, with accompanying reductions in costs.

The international bridge over the Uruguay River, linking the cities of Colon, Argentina, and Paysandu, Uruguay, located about 360 kilometers (225 mi.) to the north of Buenos Aires, has a 2,364-meter span (1.5 mi.). It was built pursuant to an agreement between Argentina and Uruguay, with financing proportionate to the length of the section on each country's territory.

Another international bridge over the same river, linking Puerto Unzué, Argentina, and Fray Bentos, Uruguay, 245 kilometers (152 mi.) to the north of Buenos Aires, is 3,409 meters (2.1 mi.) long. It was partially financed by the Interamerican Development Bank. This bridge is important because it stimulates the economies and regional development of Argentina, Uruguay and southern Brazil.

All three public works are operated by the toll system, and thanks to their characteristics and location, provide the most favorable conditions for the opening of important productive centers.

Another work of remarkable size being built by Vialidad Nacional is in the Province of Mendoza at the border with the Republic of Chile. Here, where the tremendous barrier of the highest mountains in the Andes must be surmounted, an international tunnel named "Cristo Redentor" (Christ the Redeemer) is being dug more than 3,000 meters (9,850 feet) above sea level. It will be 3,080 meters (1.9 mi.) long with approximately equal portions on the Argentine and Chilean sides. The tunnel will have a working height of 4.50 meters (14'8").

Paved highway construction is underway in several other areas of Argentina. One of the most important is the erection of a 452-meter long ($\frac{1}{4}$ mi.) bridge over the Negro River, linking the provinces of Rio Negro and Buenos Aires. It will establish easy passage between the cities of Carmen de Patagones and Viedma. Moreover, an expressway being constructed between the cities of San Nicolas and Rosario will complete the highway between Buenos Aires and the city of Santa Fe on the Parana River.

This monthly column of information reports on developments in the Argentine Republic, and is sponsored by the Ministry of Foreign Affairs & Worship, San Martin Plaza, Buenos Aires, Argentina.

Readers' inquiries are welcome.

cost \$6 billion, which is more than twice as much as the federal government now spends on youth jobs."

The Congressional Budget Office estimates that the annual administrative costs of a voluntary service would add another \$11.8 billion to the national budget. If the program were made mandatory, the costs would rise to \$23.5 billion.

The ragged edge

The idea of a national youth service is not new—the current congressional debate began in the 1960s—but difficulties of the armed forces in meeting manpower goals are becoming critical.

"We are operating on the ragged edge, with high recruiting costs, undermanned reserve forces, and insufficient recruits for the active forces," says Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services manpower subcommittee. "The fact is that the volunteer military force seems to have changed the concept of military service from one of serving the nation to one of getting a job."

Many Army recruiters say the all-volunteer concept is not producing a combat-ready army. In the event of a major war, the selective service system could not deliver the 650,000 additional personnel required. In addition, attracting volunteers is becoming increasingly expensive.

Another immediate problem for the military is that without the inducement of the draft the Army Reserve and the National Guard are not getting enough recruits.

Millions of jobs needed

Many members of Congress, however, are concerned about the inherent problems in national service.

For example, there are not enough public service jobs to employ the hundreds of thousands of youths who would be required to serve. Under a two-year program, eight million would be eligible, but only ten percent of those would be needed by the military.

National service workers would supplant existing government workers in many instances, at an estimated cost of \$5,000 to \$11,000 per job.

Rep. Les Aspin (D-Wis.) says: "Two years of national service would require the placement of eight million men and women. The services want only about ten percent of them. If we send hundreds of thousands of people to plant trees on the slopes of the Rockies, they would trample more seedlings than they would plant." □

HEADQUARTERS

Washington, D.C. 20062
1615 H Street, N.W.

Thomas J. Ames
General Sales Manager
(202)659-4632

Mary Kay Baron
Advertising Coordinator
(202)659-6021

Harry N. Miller
Production Director
(202)659-5047

SALES OFFICES

New York 10017
711 Third Avenue

W. Brett Perrine
Advertising Director
(212)557-9886

Raymond Murray
Eastern Adv. Mgr.
(212)557-9877

Jerry V. Camporine
Consumer Adv. Mgr.
(212)557-9858

David S. Conner
Northeastern Adv. Mgr.
(212)557-9876

Donald B. MacGillivray
Corporate Adv. Mgr.
(212)557-9857

Atlanta 30346
62 Perimeter Center East

James M. Yandle
Southeastern Adv. Mgr.
(404)393-0140

Chicago 60601
Suite 2900
230 North Michigan Av.
Herbert F. Ohmels, Jr.
Midwestern Adv. Mgr.
(312)346-3526

Cleveland 44115
1146 Hanna Bldg.
Gerald A. Warren
Adv. Mgr.
(216)241-3976

Dallas 75234
Suite 750
4835 LBJ Freeway
Richard Chalkley
Southwestern Adv. Mgr.
(214)387-0404

Dearborn 48126
Suite 815 East
Parklane Towers
One Parklane Blvd.
Robert H. Gotshall
Adv. Mgr.
(313)336-2410

San Francisco 94104
Suite 223
369 Pine St.
Hugh Reynolds
Pacific Region Adv. Mgr.
(415)421-7436

ADVERTISERS

American Telephone & Telegraph Co./Long Lines	2, 3	R Marko Enterprises, Inc.	388
NW Ayer AHH International		Peter Hammond Adv. Inc.	
American Telephone & Telegraph Co./Yellow Pages	43	Mercedes-Benz	21
Cunningham & Walsh, Inc.		McCaffrey & McCull, Inc.	
Armon/Metal Products	50, 51	Monroe Calculator	6
Communication Associates		Catalano & Gornick, Inc.	
Argentina Ministry of Foreign Affairs and Worship	76	I Mississippi A & I Board	441
Sullivan, Sarrin and Assoc.		Dibbs & Maynard Company	
Bankers Investment Company	64	I Oklahoma	384
Stenson & Burke, Inc.		Martin Hagan Advertising Agency	
The Bankers Life	9		
E.H. Brown Advertising Agency			
I Brevard Economic Development Council	44d		
Norgren-Davis & Associates			
Cadillac	Cover 2		
D'Arcy-MacManus & Masius, Inc.		Pasco Steel	10
Canon Calculator	30, 31	Gillen/Kluss & Associates	
Dentsu Corporation of America		Penn Mutual	11
Canon Copier	13	Spiro & Associates	
Dentsu Corporation of America		Pitney Bowes	35
Cardinal Cap & Jacket Company	25	deGarmo, Inc.	
Simplex Adv. Agency		Prudential Insurance Company	47
Cockler Div./Lear Single Inc.	66	Ted Bates & Company, Inc./Advertising	
Colle & McVey			
Dale Carnegie & Associates, Inc.	1		
Dale Carnegie Adv.		I Randustrial Corporation	44e
R Duraclean International	18d	Mt. Pleasant Adv. Inc.	
Perkins, Bernstein, Inc.		R Republic Buildings Corporation	62j
		Meldrum & Feamith, Inc.	
		R J. Reynolds Tobacco (Winston)	Cover 3
		William Esty Company, Inc.	
I Eaton Corporation, Truck Components	36f		
J. Walter Thompson		Salvation Army-West	64
Executone, Inc.	12	The Iversen-Norman Associates	
Nadler & Larimer, Inc.		Seagram's T Crown	Cover 4
I Executone, Inc.	44a	Warwick, Walsh & Miller, Inc.	
Nadler & Larimer, Inc.		Seagram's V.O.	5
R J. K. Enterprises	45f	Warwick, Walsh & Miller, Inc.	
Humphrey and Karbo		R Soule Steel Buildings	59h
		Ebry, Utley & McManus	
R Hattiram (AMF)	50g		
Benton & Bowles, Inc.		R Victor Temporary Services	19
Heinold Commodities, Inc.	72	Hanson, Foster & Associates, Inc.	
Roy Holding and Associates			
Latham Time Recorder	25		
George and Glover		I Wheels, Inc.	36c
Leather Furniture Sales, Inc.	10	Martin H. Frank & Company, Inc./Advertising	
Inform, Inc.			
I Mack Trucks, Inc.	36e		
Lieberman, Harrison, Inc.		Xerox	57
		Needham, Harper & Steers, Inc.	

KEY
R—Regional
I—Industrial

Investor's Diversified Services advertising in our January issue was placed by Stone & Adler, Inc., Chicago, Illinois. We incorrectly listed another agency. Our apologies.

CHANGING YOUR ADDRESS?

Please attach the latest address label from your Nation's Business cover, print your new address, and mail this form to Nation's Business.
Important: Allow five weeks for address change.

NATION'S BUSINESS
CIRCULATION DEPT.
4940 NICHOLSON COURT
KENSINGTON, MD. 20795

ATTACH
LABEL
HERE

name _____
co. name _____
address _____
city _____ state _____ zip code _____

It's Time for Some Tax Relief

WHILE U. S. PRODUCTIVITY declines, effective individual and corporate tax rates are going up, along with the rate of inflation. There is good reason to suspect a relationship among the three factors.

Inflation raises the government's tax take. Individuals who receive pay raises get pushed into higher brackets, but the purchasing power of their money does not increase. Businesses pay taxes with their capital because of obsolete capital cost recovery laws.

The effective corporate income tax rate has risen from 41 percent 15 years ago to 52 percent today. Individual income tax receipts are expected to rise by more than \$50 billion in 1978-80, despite a \$15 billion tax cut in 1978. What is happening is a tremendous, unlegislated transfer of purchasing power from private to public hands. It should be reversed.

Productivity gains help to counteract the effects of inflation. But such gains are a function of capital investment. And that, in turn, depends on savings. Inflation and high taxes discourage savings. The economy is caught in a vicious circle.

Clearly, this is the time for tax relief, not tax increases. But tax relief must be balanced by cuts in government spending. Otherwise, federal borrowing to finance the resulting deficits will increase inflationary pressures, offsetting the benefits of tax reduction.

Traditionally, about one third of tax reduc-

tions have been directed to investment. That is not enough this time. Because of the nation's serious productivity problems, fully half of the tax relief needed in 1980 should go toward promoting capital formation.

Legislation establishing a realistic capital cost recovery system, now before both houses of Congress, should be enacted swiftly. Further, the corporate income tax rate should be reduced by two percentage points. And both changes should be made retroactive to January 1.

General tax relief for individuals also deserves a high priority. It should come in the form of across-the-board cuts in income tax rates.

One tax that should not be cut hastily, however, is social security. If the system's benefits are not to be reduced—and there seems little popular support for such a move—then the price must be paid. Disguising the cost of social security under general tax revenues would result in political abuse of the system and still higher inflation.

Two changes could be made to help reduce the impact of social security tax rates. One is to stretch out the big rate increase scheduled for 1981. The other is to lower the taxable wage base ceiling.

Death and taxes may be the only certainties in life, but nowhere is it written that we have to tax ourselves to death. □

No compromise

Winston Lights didn't compromise
on great taste to get low tar.
Why should I?

Winston Lights taste good
like a light cigarette should.



Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

Winston Lights: 11 mg. "tar," 0.9 mg. nicotine av. per cigarette by FTC method. Winston Lights 100's: 11 mg. "tar," 0.9 mg. nicotine av. per cigarette by FTC method. ©1991 B&W T Co.

Give any Manhattan the crowning touch.

Seagram's 7 Dry Manhattan.
To 1 part dry vermouth add 3 parts
Seagram's 7. Grace with
a twist of lemon.
Brilliant.



Seagram's 7 Classic Manhattan.
To 1 part sweet vermouth add
3 parts Seagram's 7 and a dash of
bitters. Top off with a cherry. Tops!

Seagram's 7 Perfect Manhattan.
To equal parts sweet and dry
vermouth add 3 parts Seagram's 7.
Bright idea!

Start out with the great taste of Seagram's 7 and
you'll always end up with a great Manhattan.
Any way you like them, enjoy our quality in moderation.

Seagram's 7 Crown
Where quality drinks begin.

SEAGRAM DISTILLERS CO., N.Y.C.
AMERICAN WHISKEY—A BLEND. 80 PROOF.